DOCUMENT RESUME

ED 320 022 CE 055 125

AUTHOR	Sheppard, Harold L., Ed.
TITLE	The Future of Older Workers.
INSTITUTION	International Exchange Center on Gerontology, Tampa, FL.
SPONS AGENCY	Brookdale Foundation, New York, NY.
PUB DATE	90
NOTE	137p.
AVAILABLE FROM	International Exchange Center on Gerontology, University of South Florida, Box 3208, Tampa, FL 33620.
PUB TYPE	Collected Works - Conference Proceedings (021) -- Reports - Research/Technical (143) -- Viewpoints (120)
EDRS PRICE	MF01/PC06 Plus Postage.
DESCRIPTORS	Early Retirement; *Employer Employee Relationship; Employment Opportunities; Employment Patterns; *Employment Practices; Foreign Countries; *Futures (of Society); *Older Adults; *Personnel Policy; *Retirement; Retirement Benefits; Retraining; Seniority
IDENTIFIERS	*Older Workers

ABSTRACT

This book contains seven chapters on work and older workers based on an international symposium held at the University of South Florida in 1989. Chapter titles and authors are as follows: (1) "The Corporate Sector's Stake in Older Workers" (Daniel Knowles); (2) "A Seller's Market for Older Workers" (Audrey Freedman); (3) "Retirees' Reentry into the Labor Force" (Melissa A. Hardy); (4) "The Work Environment and Employee Benefits as Incentives for the Older Worker" (Audrey G. McCool, George E. Stevens); (5) "The Health Status of Older Workers: Issues and Policy Implications" (Thomas N. Chirikos); (6) "Training Opportunities for Older Workers" (Peter Plett); and (7) "Modernization and Older Worker Policies: An Appraisal of the French Experience" (Xavier Gaullier). (KC)

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THE FUTURE OF OLDER WORKERS

EDITOR:
Harold L. Sheppard, Ph.D.

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THE FUTURE OF OLDER WORKERS

Harold L. Sheppard, Editor

Foreword by
Francis T. Borkowski, President
University of South Florida

Based on an International Symposium:
"The Future of Older Workers"
September, 1989, Tampa, Florida

Published by
International Exchange Center on Gerontology
University of South Florida
Tampa, Florida

Published by
International Exchange Center on Gerontology
University of South Florida
Box 3208
Tampa, Florida 33620
1990

SPECIAL ACKNOWLEDGMENTS

We wish to thank the Brookdale Foundation and the Greiner Corporation for their generous financial and in-kind support for publicity for the Symposium and related costs; and for the publication of this volume.

We are also grateful for the support and co-sponsorship of the following:

Air France
American Association of Retired Persons
American Society of Personnel Administration, Tampa
German Marshall Plan of the United States
Greater Tampa Chamber of Commerce
Department of Gerontology, U. of South Florida
Merchants Association of Tampa
Tampa Bay Regional Planning Council, Area Agency on Aging
West Central Florida Area Agency on Aging

Special thanks to :

Hillsborough County Department of Aging Services (Sam Rastom and Joyce Russell)

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FOREWORD

Francis T. Borkowski*

The International Conference about the Future of Older Workers -- the basis of this publication -- is indicative of a need to infuse our state, our nation, indeed, the world community, with a positive balance and outlook concerning the aging of our populations. This population aging is, of course, taking place in every society around the world. It's a cliché, but true nevertheless, that the world is getting smaller, and advances in transportation, technology and communication, lead into what has become another cliché, but clearly a globally dependent world. Issues that used to confront one part of the world could be dealt with in one part of the world. This is no longer the case. What happens in Bangladesh affects us; what happens in Japan affects those in France. We are indeed rapidly becoming a global community.

Consequently, issues of aging no longer can be thought of or dealt with at a local or parochial level, but are such that they have broad global dimensions. The challenge now is to adapt ourselves to the challenges of that process in such a way as to avoid a Cassandra, pessimistic perspective that dominates so much of our policy thinking these days. The universities of America, and especially those in a state like Florida, occupy a key position of opportunity and responsibility to contribute to the spirit of positive, active aging. In case some of you are unaware, roughly speaking, there are 2,200 to 2,300 new, permanent residents that come into the state of Florida every day. There are roughly 1,300 to 1,400 that leave this state with a net increase daily of permanent residents of about 900 people. Many of these, of course, are older adults and elderly.

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FOREWORD

One of the critical entry points into the enhancement of that positive, active spirit relates to the world of work. Attitudes, stereotypes, and organizational policies regarding the utilization of middle-aged and older workers are now undergoing some encouraging changes. Much of that progress is due to the gradual dissemination of what we know about the weak relationship between work capacity and what we call the aging process. For one thing, that process is not identical with any inevitable deterioration of the sort that disqualifies a man or woman from employment or promotion or training opportunities, just because he or she has reached the chronological age of 40, 50, 60, 65 or even in the 70s or more. I'm reminded of a lovely poster that I saw in South Carolina, of a quite elderly gentleman with his arm around a quite elderly lady -- both in the peak of physical health in jogging outfits, shorts, tank tops, standing there absolutely firm, rigorous, looking like they are ready to take on the 21st Century. Deterioration is not inevitable, and that poster just symbolized what I perceive to be the nature of the population that we will be having and living with, which hopefully, will become ourselves. We also know that many work-related skills and attributes can be maintained and/or improved over a very long period of our increasing life spans.

But are we doing enough in our educational, vocational, and employment organizations to, first of all, provide opportunities to middle-aged and older workers?

Secondly, what are those organizations doing to improve, if necessary, our methods and techniques of teaching and learning new skills for different groups of middle-aged and older workers?

It is obvious that these and related questions are critical ones when you consider that the International Labor Organization based in Geneva, has been examining that topic, as reported by Peter Plett, in this volume. If demographics and labor force information have anything to tell us, the most overt reasons and motivations for what might be called the rediscovery of middle-aged and older workers stem from current expected shortages of younger entrants into the American work force.

These shortages, in many instances, also are reflected in statistics of the National Science Foundation, for example, showing an expected shortage in the much-needed fields of science and engineering that require graduate degrees. I submit, simply on a gut instinct without any basis of proven fact, that those data are going to be extremely conservative. Conservative, because we have not yet been able to measure the effect of drugs in children, and the effect that will have in our work force.

My main point is that there is much to do, to alert more of the employer community about the impending shortage challenge, and to demonstrate how important it is to be re-evaluating current policies and practices affecting the employment, retraining, and the retirement of major segments of our human resources. There is much to do in our institutions of learning to bring about a more sensitive, as well as a more practical, perspective on the issues relating to the future of older workers. I am pleased that the University of South Florida, along with other institutions in the community, organized a symposium which is one more milestone event toward the goal of making real the full recognition of our "boundless resources" as human beings. No longer should we keep those resources untapped.

INTRODUCTION

Harold L. Sheppard*

Older worker policy and practice continue to be the subject of interest and controversy among the media, academia, employers, trade unions and government organizations -- not to mention older American organizations. Frequently the focus is in terms of retirement policy. The conditions for this interest change from one period to another, and from one type of economic or employment situation to another.

The "demographic environment" also changes, and has varying impacts on the conditions of older workers. For convenience's sake, we might define "older worker" as 55 and older, although the Age Discrimination in Employment Act of 1967 (ADEA) encompasses persons 40 and older.

Currently, the concern or interest is stimulated in part by the expectation that our labor force, and those of other industrialized economies, will soon begin, or already have begun, to experience a shortage of young entrants. As a result, some experts, employer organizations, and the U.S. Department of Labor, are proposing that such a shortage could be partially alleviated by a more favorable older worker policy -- encompassing greater retention, hiring, promotion, and training.

But at other times, especially during periods of overall high unemployment and "younger-worker booms," the primary focus shifts to direct and indirect methods of promoting *older employee exits* from the enterprise and from the labor force itself. The "public mentality"

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during such times facilitates and welcomes the image or stereotype of "the" older worker as being less efficient, less productive, less trainable, etc., compared to younger workers.

In the most recent years, as the youth shortage looms on the horizon (or is actually being experienced), we are becoming more exposed to media and other information outlets acclaiming the *virtues* of "the" older worker -- no less (if not more) productive, prompt, loyal, trainable, etc., relative to "younger" workers.

It should not be a surprise, therefore, that a major thread throughout the September, 1989, International Symposium on the Future of Older Workers (on which this volume is based) was the older-worker policy implications of the labor shortage resulting from a declining birth rate -- a shortage which could be partially resolved by a fresh, less biased look at older segments of the population as "substitutes" for younger applicants.

For more than two decades, during labor shortages and labor "surpluses", Daniel Knowles (Grumman Corporation) has been in the forefront of "hard-headed" corporate executives advocating a positive older worker policy in this country, regardless of economic conditions or demographic context. He developed this positive perspective partly as a result of a dramatic experience years ago when Grumman was forced, because of loss of defense contracts, to reduce drastically its workforce. Foremen were asked to discharge their least productive hourly workers. There was no union agreement regarding seniority. Contrary to management expectations, the remaining work force's median age *increased* substantially from 37 to 45! As far as the foremen were concerned -- the persons most directly in touch with personnel -- it turned out that, overall, the older workers were the better performers on the job.

Knowles' chapter deals with more than this point. His observations are a corrective to several misconceptions about *total costs* of hiring and retaining adult and older workers. His comments about the commitment of government agencies to the issue of older workers should provoke greater attention, if not cause for alarm.

The Conference Board's Audrey Freedman deals in no uncertain terms about the need for older workers in today's labor market -- and that of the very near future, a need stemming only partly from shortages per se. We are, she says in her chapter on "A Seller's Market for Older Workers", in the midst of a labor shortage in a wide range of areas, industries, and occupations, and of other *types* of shortages: From the point of view of employers concentrating for new hires primarily on the young, there is a shortage of *qualified* employees -- in terms of literacy and "numerousy." "We don't seem to hire people who have the basis from which we can develop more training," a frequent lamentation heard by Freedman in her work with top management. It is time, she argues, to take another look at the Nation's mature work force, especially the "early-retired" population. That group consists of a lot of "ept" men and women, not "inept."

While Audrey Freedman's contribution spotlights the labor "shortage" problem and the place of older workers in meeting that problem (if more employers recognized it), Melissa Hardy (Florida State University's Institute of Aging) reports on the re-entry of retirees into the labor force, as part of her chapter. That phenomenon relates to Freedman's "early retiree" point. This re-entry may be a new development. Her chapter is based on a recent survey of a sample of retirees and older workers in Florida. It included not only re-entrants but unsuccessful 'discouraged" job seekers. Who were the re-entrants? Who were the discouraged workers? The comparative analysis by Hardy reveals some of the pre-retirement factors, such as race and gender, or whether or not retirement was voluntary, that influence the outcome of retirees' efforts to gain new employment. The results also provide some serious qualifications about the extent to which the labor "shortage" described earlier can produce re-employment for those most in need of it. Hardy also reminds us that although there is a trend toward "voluntary" retirement, that fact "does not negate the possibility that some older workers are moving into retirement through the absence of employment alternatives."

INTRODUCTION

My own analysis of the New Beneficiary Survey of the Social Security Administration reveals that loss of a job is one of the primary factors in the "decision" to retire early (*before* age 62).

When employers do consider the hiring of older workers, to what extent do they take for granted the job expectations and preferences of such employees and job seekers? Are such expectations and preferences different from those of younger workers? Factual information on these important questions is hard to come by, so we are fortunate to have a chapter on that topic by Audrey McCool and George Stevens, of the University of Central Florida's College of Business Administration.

McCool and Stevens' research reveals the level of discrepancy between (a) employers' perceptions and (b) the older and younger workers' job needs and preferences concerning benefits and job characteristics. Any movement toward an effective employment policy on the part of well-intended employers requires the type of sophistication implied by this empirical research. Many companies have already begun to design practical personnel policies in order to adapt to the needs of highly trained *younger female* employees, by assuring extended "parental leaves" (sometimes including fathers, as well), thereby averting the costs of high turnover, recruitment and training of new hires, and absenteeism. The work by McCool and Stevens points to a similar revamping of personnel-policy approaches in the care of older, more mature workers.

Beyond the issues of the return to work, re-employment, and appropriate job attributes or personnel policy, there remains the question of the health or work capacity of older workers. Thomas Chirikos, an economist at the College of Public Health at the University of South Florida, is a proficient analyst in the area of policy implications of the health conditions (or capacity to work) of older workers. More directly related to a theme of the 1989 Tampa symposium, his chapter deals with the following: if it is correct that income security programs are in jeopardy because of an increase of beneficiaries per worker,

any reversing of that ratio depends in part on the work capacity of our older workers.

Chirikos' contribution to this volume, furthermore, highlights the critical importance of *longitudinal* information on this issue. One of his "bottom-line" findings from analyses of such information is that the functional capacity for work at the time of retirement typically is greater than popularly believed -- not just popularly, but also among key decisionmakers or "gate keepers" in the world of employment.

But a much more important finding by Chirikos is one that is too frequently lost or neglected: *health care interventions* during adult working life "may increasingly appear to be worthwhile social investments." Prevention and vocational rehabilitation for older workers are also valuable programs that need strengthening. The fact that poor health remains a primary reason for early retirement (before 62, for example) -- despite the continuing decline in the proportion of retirees citing poor health as a reason -- is one argument for such policy recommendations. The value of such programs, for health-improvement alone, should be justification enough. Furthermore, if our demographic future portends a labor force increasingly composed of Blacks and Spanish-language-origin men and women, the case for such health prevention, intervention, and rehabilitation programs cannot be more strongly put forward.

There is also the *training* issue. For Peter Plett (International Labor Organization, Geneva), training programs for older workers are necessary for one simple reason: "we need them for the work force." We are no longer in a period when public and private labor market policy stressed retirement (and the earlier the better) as a method for making room for younger persons, according to Plett. To repeat a dominant theme of the IECG International Symposium, older workers are becoming a more valuable resource as a result of a slowdown in the number of young persons entering the labor force, and we may have also reached a peak in the available numbers of non-young women to compensate for that slowdown. Plett cites the dramatic demographic shifts in Germany as an example.

Another set of data has to do with differing labor force participation rates of older persons, e.g., those 55-64. Sweden has the highest rate in Europe (slightly higher in Japan), in sharp contrast to other countries such as France and the Netherlands. One explanation for the high rate in Sweden, in my opinion, is that country's "positive labor market policy," which -- among other policies -- provides for a constantly high level of training opportunities throughout much of the working life span. Furthermore, early retirement has not been a first-resort policy response in Sweden in times of rising unemployment.

Plett reminds us of some basic contributions of "industrial gerontology," for example, that aging accounts for a very limited percentage of the variance in work performance, especially if older persons are stimulated through the training or learning experience. Regrettably, few training, in-service education, and retraining opportunities are made available to older persons -- even for men and women as "old" as 45. It must also be acknowledged, he reminds us, that older workers themselves frequently do not take advantage of training opportunities. In any event, employers handicap themselves by not providing those opportunities to their older employees. Plett discusses the many advantages for older worker training, and also deals persuasively with the issue of their *trainability*.

A signal contribution of Peter Plett's chapter is his detailed summary of the ILO project he has directed, on the training policies and programs of nine European countries, Japan Canada, and the United States. The reader is directed to the several pages in his chapter devoted to that project. According to Plett, no country trains older workers better than the United States. Above all, his recommendation concerning the need to redirect "Human Resource Development" toward the development of "hidden resources" among *all* human beings through training deserves serious attention.

In his chapter on "Modernization and Older Worker Policies," Xavier Gaullier (of France's National Center of Scientific Research) uses the French experience since the end of World War II. The lessons to be learned are applicable to the future of older workers in

all industrial societies. He delineates how France (typical of most other industrialized ones) has looked upon employment and careers, and the effect on older workers. The first part of the post-World War II period was characterized essentially by economic growth, but the oil crisis of the 1970s witnessed the rapid development of drastic early retirement programs and policies. France, along with many other countries, "adapted" to high unemployment by instituting early retirement, first intended as a stop-gap measure, but with no sensitivity to its long-term negative consequences. Many of them are spelled out by Gaullier.

"Temporary" early retirement measures can become so institutionalized that they are difficult to stabilize or reverse when the conditions prompting the measures no longer prevail. The 1980s became the "decade of early retirement." Again, few countries (such as Sweden) considered or applied *alternative* solutions. By instituting earlier and earlier retirement programs, the French practice has aggravated a genuine "mid-life" crisis: if the 50-55 age bracket is now viewed as close to retirement, "the impact on career plans...now affects workers in their 40s." "...the older worker...becomes older at progressively younger ages." It is startling to learn that, "Retirement is no longer synonymous with rest and leisure," as a result the French experience, and that of most other "modern" countries.

A creative contribution made by Gaullier has to do with his images for the future of older worker policy, indeed, of the *total* work-life cycle. His six *scenarios* provide us with a menu of what is possible in the future, regarding what "modern" industrial economies could *choose* to do now, with varying effects in future decades. Gaullier wisely avoids the pretense of making *predictions*. He cautions us that *demographic* changes or economic growth do not guarantee an automatic improvement in the older workers' situation, contrary to the optimism expressed in other chapters of this book.

Gaullier's scenarios of economic growth; leisure society; generalized insecurity; the informal and "volunteer" economy; a renewed social security -- and the occupational career scenario -- all of them

are the bases for fruitful reformulations for deciding on new policies that will determine the future of older workers. It is not hyperbole to add that, in so doing, those reformulations will also determine the character and structure of society in general. I hope that the seven chapters here will provide one more milestone in that reformulation process.

CHAPTER 1

THE CORPORATE SECTOR'S STAKE IN OLDER WORKERS

Daniel Knowles*

The middle-aged and older worker plight is not the biggest problem in the country. It really isn't. The biggest problem that we have relates to *communication.* With communication there are two problems. One is the speaker's limitations. The speaker thinks that he is getting his ideas across, and he may not be -- he may not have the ability. Then, of course, there is the other problem of the audience going through the process of selective hearing. Despite such problems, I want to discuss discrimination.

In the early 1960s, considerable federal legislation was enacted through the concept of affirmative action. It took a very positive approach to the problems of discrimination against minorities, and later on, it was applied to women, the handicapped, and veterans. It took the full weight of the government to insure that protected groups got fair treatment in employment. The annual audits, the Office of Federal Contract Compliance, provide evidence that the quality of life in groups covered by affirmative action has improved. Such programs today are big business within big business. Millions if not billions of dollars are invested each year to make sure that businesses comply with the laws. Any person with a conscience would not deny the importance and the appropriateness of affirmative action for certain groups of workers.

The quarrel I have is not with the government and its concerns for these employees, but rather the benign neglect that the government has

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demonstrated towards middle-aged and older workers -- the forgotten Americans who actually represent the largest portion of the so-called protected groups, but who are subject to age discrimination. In 1967 Congress passed the Age Discrimination in Employment Act, the ADEA. While its motivation was somewhat obscure, Congressional action nevertheless focused attention on the question of age discrimination. Although the message to business is still somewhat hazy, ADEA is basically intended to prohibit overt discrimination against middle-aged and older workers, especially in company policies that affect groups of older workers.

Since its enactment in 1967, ADEA's impact on industry has been minimal. The law is perceived as an occasional irritant, quite unlike the action-oriented positive thrust of the affirmative action program set up to protect other groups of employees. Despite the minimal impact on industry, age discrimination certainly has had a significant impact on the middle-aged and older workers, because it is so widespread, but most of all so insidious.

It is insidious for several reasons. *First*, a good measure of discrimination is subconscious and subtle. So often the people who are doing the discriminating aren't even aware that they are discriminating. People who discriminate against older workers typically are not aware of their behavior.

Second, age discrimination is perpetuated by other older workers, not young workers, because the young workers are not in the power positions to do the discriminating. It is insidious in the sense that it's like an animal that devours its young. I don't know why middle-aged and older people think they can discriminate against other middle-aged and older workers. I guess they always feel that they are the exception.

Third, middle-aged and older workers represent the largest of the so-called protected groups, so probably more discrimination has taken place against them than any of the other groups -- minorities, handicapped, women and veterans. I find it ironic that the legislation that is supposed to protect people against discrimination actually is discriminatory. The law provides for the involuntary retirement of key employees

in the company at age 65, and has a similar provision that puts a cap on university professors, and fire fighters, for example.

If Congress accepts the fact that ADEA has not kept pace with other legislation in the area of discrimination, it should correct it. At minimum, therefore, the Department of Labor should be required to establish educational programs in industry directed towards older workers. The Congress should also direct the Department of Labor to do more research and to disseminate information to industry that would debunk the conventional wisdom -- stereotypes -- about the middle-aged and older workers. These efforts could be modeled after similar publications pertaining to women at the Department of Labor. Finally, Congress should direct the Department of Labor to provide detailed demographic information by skill and age levels, so they can compare how companies measure up, in terms of the age distribution of their work force, and the availability of older workers in the labor market. Such statistics would also give companies the necessary yardsticks by which to make comparisons and take corrective action. The Department of Labor should also set up an ad hoc committee to prepare a how-to-do-it booklet encompassing an awareness section that depicts the plight of the middle-aged and older worker, a section devoted to exploding the myths about the middle-aged and older worker (e.g., the myth that you can't teach old dogs new tricks), demographic information, and a model procedure showing how a company can analyze its work force by age.

The failure of Congress and the Department of Labor to take such positive steps only offers further proof to industry of the government's indifference and laissez faire attitude towards this important segment of the work force. Putting it more directly, Congress should require the Department of Labor to institute a meaningful program of voluntary compliance with the concept of equal opportunity for this group of employees. In my view, industry cannot and will not meet the needs of older workers unless Congress directs the Department of Labor to provide industry with the tools to do so. If business then fails to comply voluntarily, then it is just asking for further action and leading towards the direction of yet another affirmative action plan. And no one wants another paper program.

THE CORPORATE SECTOR'S STAKE IN OLDER WORKERS

In at least one respect, business is similar to the Congress and the Department of Labor. All three are "fragmentists." Each group can pay lip service to the dignity of mankind, to all Americans and even to the heterogenous groups that make up the U.S. work force, yet industry in general is also quick to respond to the pressures of running a business, including the pressure to comply with affirmative action programs. Today, compliance means sanctions. Consequently, affirmative action programs are considered must-do jobs, while concern for the middle-aged and older worker is a should do job or a like to do job. If you ask whether any firm discriminates against the older worker, the average company spokesman would undoubtedly reply indignantly, "Of course we don't discriminate against older workers in my company." And yet if you challenged them to show some evidence or some proof that there is no discrimination against middle-aged and older workers, I doubt if one company in a thousand would be able to show you, at least on an overall basis that there is no macro discrimination taking place within that company.

We're all caught up in a culture that places a premium on youth, and we are its victims. What manager of any department is not looking for an individual with a bachelor/masters degree, ten years experience, and is 24 years old? Society, through the media, seems to be saying that if you're not part of the Pepsi Generation, you should be put out to pasture. Although individuals in companies have become more sensitized to age discrimination, this increased awareness is really only transitory. Thus when a case of discrimination is brought to the company by an individual, it really receives the same kind attention that a leaky factory window would get. In fact, after fixing the window, it's back to business as usual, and I think in many companies, the first thing they try to do when an individual brings a claim of discrimination is that they try to convince the person that they are paranoid. Little thought is really given when cases of discrimination are brought to the attention within a company of reviewing the causes of the alleged discrimination, because most employers are likely to believe that the few applicants or employees that do complain are overly sensitive about age discrimination.

What about the myths about older workers? Now, the question, "can older workers remain competitive," is not the real issue facing the country today. It is rather, how do you convince corporate America that older persons are and can remain competitive? To confront this task we must use existing data and gather new evidence to demonstrate that older workers are both competitive and productive. It is also time to take a more behavioral approach in dealing with older as well as younger workers. People want to have more to say about their own destiny. They don't want to be manipulated by companies trying to make room for younger people, or by the government urging them to stay on the job in order to salvage the social security system, or by special interest groups acting on their behalf. The key to the approach is choice.

This country should be big enough and rich enough to offer middle-aged and older workers choices in their lives. The industry mentality that young is good, and that older is bad, certainly results in self-fulfilling prophecies. Older workers who perceive their value and ability to be diminishing do so because that is the view and the expectation of management. The behavior of some older workers helps to contribute to the myth. On the other hand, industry is basically pragmatic by nature. It will respond to the needs of the older worker if it can be convinced that it is good business to do business with the middle-aged and the older worker. The need for special programs to keep the older worker on the job is relatively minor. The opposite is true in organizations that are either discriminating against or are under-utilizing older workers. In my view, there are no significant differences between older and younger workers. But the beliefs that they exist is the biggest myth of all about the older worker. According to any of the studies that I have read, the only major difference between younger people and older people was in the area of depression. Although older people don't get depressed more often than younger people, it seems it takes them a little longer to bounce back when they get caught up in the problem of depression. In other areas the charges don't hold up. For example, younger people have just as much absenteeism, but they are taking off for reasons that are different perhaps, than those of middle-aged or older workers. Performance among older workers is just as good.

For example, at the end of the Apollo program, when we landed on the moon, my own company went through a drastic reduction in the work force over a period of time between 1970 and 1977. I happened to be chairman of the termination review board that had to review each of the 13,000 people getting laid off during that period of time. Each person was reviewed individually. Those people were laid off not on the basis of seniority. They were laid off on the basis of performance.

An interesting thing happened. During that period of time of those layoffs, the average age went from 37 to 45. As a result of that experience, no one's going to convince me that there is not a direct correlation between age and performance in a positive way. The thing that stands to reason is that a person typically with five years of experience is probably not as good as the person with 20 years of experience. The key is to be able to recognize the difference between the person who has 20 years experience and the person who has one year of experience 20 times. The failure to recognize that difference has contributed to the problem of the middle-aged and older worker.

Up until around 1984, very little comprehensive data existed about the cost of benefits to older workers. One of the important reports on the cost of employing older workers is by the Special Committee on Aging of the U.S. Senate. Some of the report's evidence presented suggests a correlation between age and the cost of benefits. However, it is also clear that the cost difference is based on age factors which will vary from company to company and from one type of benefit plan to another. A defined *contribution* plan, for example, creates no difference, of course. The opposite applies if it is a defined *benefit* plan. With the defined contribution plan, you put in the exact amount of money for each person. The available information suggests that at ages 50-54, the compensation package is worth between 101% and 107% of the value of benefits offered between the ages of 45 and 49. Thus the evidence would suggest that as age goes up, the cost is somewhat higher. From 101 to 116% at the ages of 55-59, and about 105-134% at ages 60-64. While the data may indicate a trend to somewhat higher cost with advancing age, the vast majority of companies have probably not extracted age as a

variable when they're reviewing their fringe benefit costs, because of the complexities involved in the analysis. It is unlikely that the rising benefits cost can be considered a major factor in industry's effort to get rid of older workers and replace them with younger workers.

However, considerations such as turnover may counterbalance the cost of fringes. Data show that older workers tend to have lower voluntary termination rates than younger workers. I know my own company: 85% of the people who voluntarily quit, quit below the age of 34. If you are going to look at it from a point of economics, you're better off hiring a person that is 42 rather than 22. The cost of turnover obviously can negatively affect productivity -- the cost of the loss of the technical expertise, and the costs associated with replacement. Higher replacement through a consulting firm, a headhunter, can cost up to 30% or more of salary. Relocation costs can involve 25 to 50% and training comes on top of all that for the younger person.

In all, a company would have to pay anywhere between one and two times a person's salary in replacement costs. All things being equal, firms, to repeat, have a better chance hiring and keeping that 42-year old than the 22-year old. The advantage of greatest ability in the workforce may offset whatever disadvantages may exist in terms of higher fringe benefits. In the area of productivity, there is no evidence that increasing age negatively affects productivity. A critical issue regarding performance levels involves matching the individuals with the jobs. Studies show that functional changes have little impact on older workers' productivity. It has been found that some high speed or continuous heavy physical demands appear to be more difficult for older workers, but older workers have also been found to be more accurate and consistent, so the overall productivity really isn't affected. Evidence does not indicate that intelligence, learning ability, memory, or motivation decline with age. Nor do vocabulary, general information, ideation, flexibility or any other associative skills.

Studies of IQ reveal virtually no significant decline over time. Any changes in intellectual level that may occur, typically have no effect on productivity. Older workers tend to be more satisfied with work that

is inherently interesting, requires significant attention to detail, and involves responsibility. Older workers are more stable and consistent in their work, and for many of these workers, opportunities for continued job growth, training and a variety of assignments are more important motivators than monetary awards. In terms of increases in salary costs, then, it may be cheaper to employ older workers than younger workers. Performance ratings by supervisors indicate that most older workers are rated as equal or superior to younger employees in terms of absenteeism, dependability, judgment, quality, amount of work, and interpersonal skills. The bottom line is that older workers are financially healthy investments for industrial America. Middle-aged older workers are competitive. We need to orient social attitudes as well as corporate awareness to reflect these realities.

Just a few words on auditing the company for age discrimination. My own philosophy, and the philosophy of my company, is that programs should be developed in direct proportion to their need. By and large, middle-aged and older workers don't need a lot of special programs, except in companies that are blatantly discriminating against older workers, either purposely or through benign neglect. One way to understand the need for special programs is to analyze the work force within each company. I have been performing annual force utilization analyses by age for nearly 20 years. I look at the age demographics of the U.S. labor force and the Department of Labor, and use job categories as defined by the Equal Employment Opportunity Commission, categories such as officials and managers, professionals and crafts people, semi-skilled, unskilled, clerical, and so on. Tracking these figures over the years has allowed me to have done a longitudinal study providing useful points of reference if my company were ever challenged on the basis of age discrimination. Obviously an individual case could be questioned, but I don't think we would be vulnerable to any kind of a class action, because we've done our homework. We have the longitudinal study and are able to demonstrate that we haven't in a broad sense -- a macro sense -- discriminated against older workers.

The process that we use is rather simple. *First*, we make some very broad comparisons of our workforce with the age distribution of the U.S. labor force. Based on the data about 40-41 percent of the U.S. workforce are over age 40, and about 29 percent of the workforce are over age 45. Although the ADEA starts protecting people at the age of 40, the real problems seem to occur after 45. I break out the data as I have indicated by the EEOC job categories, and I take into consideration the characteristics of the local labor market. For instance, in Florida you would have a different set of demographics than you would have in Alaska. *Second*, I take a look at specific job skills within the company, such as experimental test pilots, electronic technicians, engineers, secretaries, and labors, and examine the age distribution of these categories. Third, after assessing the composition of the workforce, I take a look at our policy programs and procedures to see that middle-aged and older workers have equal opportunity in all respects.

One of the areas that we consider are hiring practices. Are we hiring a proportional share of middle-aged and older workers in all locations? Maybe the age-mix in some areas is younger than in others, or it may be that some jobs are less appealing to older workers. Or there are some bona fide occupational qualifications that exist for certain jobs. But the age quota will point out the need to explain this special circumstance. I know that typically, the average age that we hire people is well into their 40s. This is a reflection, quite frankly, of the company's culture.

Looking at training programs age discrimination also shows up in the way business allocates its training dollars. Many companies typically will not send 45-year olds to special university courses for training programs because they see no benefit to the company in providing new skills for these workers. They don't see that they're probably wasting their investment on a 25-year old who is unlikely to remain with the firm, while a 45-year old is probably far more likely to be around to provide that return on investment. The same reasoning can be applied to hiring older workers vs. younger workers.

THE CORPORATE SECTOR'S STAKE IN OLDER WORKERS

In 1981, I had the opportunity to attend the Advance Management program at Harvard. The first thing I did when I got to Harvard was go to the administration office and ask them why they were discriminating against older people on the basis of their programs. They went into shock, "What are you talking about?" I said, "Well you've got two programs here: you've got the Advanced Management program and you have to be over 40 to get into it, and you've the Ph.D. program and you've got to be under 40 to get into that. That shouldn't be the criterion on which you select people. You have people who are 60 and are in middle management, and low management jobs. You have young people who can be vice presidents of their company."

It never even dawned on Harvard. As a matter of fact their leading advocate on the older worker problem at Harvard, a fellow named Sommerfeld, wrote a great book about what happens when the CEO retires. He has just left Harvard to go to Emory because of the lack of sensitivity at Harvard towards middle-aged and older workers. I hate to pick on Harvard, but those are his words. Harvard is considered one of our top, if not the top university in the U.S., and yet right within that university was a great deal of lack of sensitivity towards the middle-aged and older worker. A very dynamic and promising professor there was told by his colleagues, "Why are you wasting your time on research on all this study and research on the middle-aged and older worker?"

If you can't get sensitivity in the government, or in Harvard, or in the Department of Labor or in industry, where are you going to get a sensitivity towards the middle-aged and older worker? One of the things I tried to do some years ago was to set a tri-career ladder for people. For instance in the area of engineering, what happens after the person becomes a senior engineer? What I did was to set up three levels of members of technical staff that were equivalent to the first three levels of supervision so that people would be able to advance (and usually a senior engineer is older), and make sure they were not discriminated against because they did not have the qualifications or appeared not to have the qualifications. The data of the study confirmed that 9 out of 10 of our supervisory openings are filled with employees over age 40. My

problem turned out to be, when I did an attitudinal behavior survey, that I had made a forecast that the biggest perceived reason for discrimination in a company was going to be on the basis of age.

Sure enough, it was exactly how it came out, except for one problem: the discrimination perceived on the basis of age in our company turned out to be among the *young* people. So I had the opposite problem. I had to start doing something to correct the problem and provide a lot of programs for young people. I would suggest that that is atypical. In the area of terminations, does the age distribution of voluntary terminations compare with the age distribution of the work force, or is one age group more likely to leave than another? If you find that condition in existence, you have got to start examining to see what can be done to take care of that. Even things in the area of service organization, and recreational activities should be looked at: Do the participation patterns show that the sports activites in the clubs are all geared to people in their 20s, or does the company offer programs and service activities that appeal to employees of different ages? All these add up to a relatively simple audit in companies, especially if there is a computer. It is so easy to do this analysis with a computer.

If a company finds that it has problems in certain areas once the analysis has been done, then these issues can be addressed intelligently. But since most companies don't bother to conduct even a primitive work force utilization analysis, they are really unaware that any discrimination is taking place in their own organization. Voluntary affirmative action through age audits may not change the hearts and souls of several thousand supervisors, but we also recognize that it is much easier to change behavior than it is to overcome lifetime prejudices. By establishing the enforcement principle, supervisors can be held accountable in their performance appraisals by providing parity to their minorities -- women, and older workers. I want to now cite some anecdotal facets that I've come across in trying to develop a sensitive ear to the problem of discrimination. When I analyzed the attitude and behavior survey (it had over three hundred questions, with 30 or 40 demographic items), I did it on the basis of age. Older workers receive more satisfaction from

their jobs than younger workers. They get more overall satisfaction from their performance on the job than younger workers. They feel that there is a good match or a better match between job requirements and their skills than younger workers. They claim their job fulfills their expectations that they had when they took it more than younger workers. They feel the company offers sufficient career opportunities more often than younger workers. They use the employee suggestion system more often than younger workers. They feel mandatory overtime is necessary on occasion to meet the company commitments more often than younger workers. Older workers feel company overtime policies are administered fairly more often than younger workers.

Older workers have a better regard for their immediate supervisors than younger workers. Older workers are more oriented towards a paternalistic style of management than younger workers. They trust their company to design benefit programs. They prefer to have an open door policy rather than highly structured resolutions to conflicts. They feel the company is more responsive to the needs of employees than younger workers. In the area of salaries, older workers feel their pay is fair in relation to their job more often than younger workers. Older workers feel that company pay policies are fair more than younger workers. Younger workers, on the other hand, claim that salary is a very important item to them more often than older workers, 61 to 47 percent. The only thing that I found that they agreed on was that they both prefer a merit system to a cost-of-living or a general-increase wage system.

CHAPTER 2

A SELLER'S MARKET FOR OLDER WORKERS

Audrey Freedman*

I want to consider the current and near future labor market from the employer's point of view -- not the long term, but just the very near future. From this you will see why I think this is the time of a seller's market -- a time in which older workers will be and are in demand. I know from dealing with a lot of employers that they don't really think their way through a labor market situation. They don't think in the abstract. They react to the pressures of the moment and do not abstract what it is that's moving them. They simply respond. We're the one's who observe and try to abstract from it. Right now we have a situation that is one of general labor shortage. This is amidst a time when there is a very high participation in the labor force. We have the baby-boomers now in the years when they are most likely to work and most intensively. We have a bulge, actually, in the working ages, and so we have a bulge of workers. You would think that we don't have labor shortages, but we do. I use the term, "general labor shortage," and it's all wrong, because there isn't such a thing as a *general* labor shortage. It is all relative and it is specific to certain kinds of situations, places, occupations, educational and training backgrounds and experiences. Labor shortage is not a general lump of labor. Simply speaking in the abstract of generalized labor shortages is not appropriate. So the first thing about labor shortages is the specifics -- specific to occupations and geographic areas. It is specific labor shortage in terms of training and experience in personal traits; occupations, for example, such as nurses right now. Nurses are very, very hard to find, and so are physical therapists, and others

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working in the medical care industries. So are teachers -- teachers particularly of science and math. I am therefore talking about specific occupational labor shortages.

It is also a labor shortage condition that is specific to certain kinds of training and experience. Executive secretaries are in short supply. To be specific, tool crib operators are in short supply. These are more matters of experience and training. There is a shortage on the basis of some more general traits -- not simply occupations and specific kinds of experience. Here employers are inevitably, and seems to me, always thinking of the young new hire. But the more general traits that seem to be in short supply are -- and I hear this from employers all over the country -- *literacy*, *basic literacy*, *English language facility*, and "numerousy", which is our new word for being able to calculate and understand mathematical relationships, and reasonability. These are traits in the employer's mind that the young work force is not providing in large enough supply. So employers see a labor shortage, since we can't seem to hire people who can read or write, which is generally how it is expressed. Underneath that they mean, "we can't seem to hire people who have the basics from which we can develop more training," the fundamentals on which more training can be built.

There is something else that employers don't entirely see, but as I look out on the job market I see it, and this is related to those basic traits. It seems to me that more and more jobs in the whole economy are done autonomously. These autonomous functions are being performed more and more. Jobs that are being done autonomously require the ability to plan actions. The ability to reason; to be logical; to diagnose the circumstances that present themselves; to decide what to do and to act, relatively independently; to envision consequences.

Do you see some opportunities here for older workers? To show self-control -- self management -- is essential in the jobs that are being done autonomously. When I refer to jobs done autonomously, I am not just talking about high-tech jobs. I am not just talking about

engineers. I am not talking pilots of airplanes, but hotel maids, desk clerks, people who clean my office building at night; and again the nurses; and again the executive secretary. More and more jobs are not what you'd call assembly line jobs where, in a sense, the person is connected to a piece of machinery and has very strict given functions, and carries them out, almost mechanically, and can be supervised that way. We are talking about jobs where you know you have to clean 22 rooms on the third floor by 2:00 o'clock this afternoon. But exactly how that is done, and what you do when you open the door, and there are three people lying in the bed -- that kind of decision making and that kind of self-management. Self-control and self-propulsion are very much up to the housekeeper in the hotel, the worker in an autonomous job. The traits of self-control and self-management, and the ability to diagnose and to envision consequences, seem to employers to be in short supply as well, and especially among young people. That is one way of perceiving the current labor shortage, that is, in the terms of the traits and the skills of occupations and training backgrounds.

There is a second way of perceiving labor shortages, and that is comparing the situation today with that in the mid-1970s. In the mid-70s the labor force was increasing about 3 percent a year, in some years even faster than that. Now it is increasing about 1 1/2 percent a year, and it is going to decrease actually, according to the Labor Department, to about 1.2 percent a year. That is a very slow growth in the labor force. The additions are primarily immigrants and women. Think about it the way most employers do think about it: most employers, when they are thinking about hiring people, think about white young men. This is fact. But the supply of white young men aged 20-29 is now shrinking about 2 percent a year, and it will continue shrinking about 2 percent a year at least for another decade -- perhaps beyond that.

The employer's habits that were built into behavior throughout the 70s when there was an abundance of new workers, those habits of selectivity in what we would call "creaming" are now coming up against

very slow growth and growth of an entirely different source. The best way for me to envision it is in terms of my behavior when I go to the Jericho Cider Mill out on Long Island. I like Winesap apples, and at the Jericho Cider Mill they have different bins for apples -- one for Granny Smiths, and Mackintosh, and Winesaps. But I somehow do not manage to get out there until Sunday afternoon. By the time I get there, there is only about six Winesap apples left. And three of them have worms. So, first of all, I'm angry. I can't have what I wanted, what I'm accustomed to -- my Winesaps -- and I'm not going to take the three with worms in them.

What can I do with three good Winesaps? So I start looking at Granny Smiths a different way. Granny Smith is not a person you know, and when Granny Smith is low, I even consider Mackintosh. Meanwhile in my mind, we're changing recipes, too; you can't make a good apple pie out of Mackintosh. You sure can't make good apple sauce out of Mackintosh. You can out of a Winesap. I'm getting a different taste in my mind and I'm making adjustments. But I'm still a little angry, I'm human. I wanted Winesaps, and that's were employers are today. For every 10 jobs in the 70s there were probably 100 applicant possibilities. Employers didn't even see 50 of them. But out of the 50, they might have considered 30 and they would select 10 white young men, and they'd be happy. Now for every 10 jobs, there may be 8 possible applicants and 4 are immigrants and 3 are women and among the one or two men there, one of them takes drugs. So, for an employer it isn't just the numbers that come from the Labor Department. It's the shock from being unable to select from their previous preference.

I'm speaking with a certain amount of vinegar because I know it is fact. Of the third shortage perception, I'm looking at shortages from a different angle. The U.S. economy used to have in its labor force much more than it does now. There was a lot more possibility for expansion. If you think about it just for a moment, remember in the Second World War: we didn't think we would have enough workers to man our military industry or any of our factories; somehow

there was a lot of elasticity and we supplied workers to factories. Actually, at that time there was a tremendous increase in day care -- in fact, government-sponsored day care, because there was the give of women. So you had Rosy the Riveter coming into the labor force, and as soon as the war was over, it was "bye-bye". Do your patriotic duty and go back home again. But there was an elastic supply of labor.

The latest available figures tell us that of our adults aged 20 to 65, 81 percent are working now. There is not a whole lot of expansion possibility there if we have an increase in demand for labor. And we have such a demand. So over the year with 81 percent of adults 20 to 65 working, what kinds of additions can you make? First of all, only 60 percent of those people are working full-time, full-year, so you can expand and you can have more people working for a full-year. Teachers, for example, might work during the summer at some other job. People who are working on a part-time basis might fill an additional part-time job, or you might even try to get people to moonlight, although that figure remains relatively constant over a long period of time, at about 5 percent of our labor force. But there are some possibilities for expanding the time of people who are already working -- that 81 percent.

But if you are an employer and you need workers, and you know that it is going to cost you more money to expand the time of those who are already working (everything cost more money when there is a shortage of workers), you could look at the 19 percent, who happen to be about 26.8 million people who are not working at all during the year. Fifty-three percent of those who didn't work at all were women staying home to care for their family. That is why, for no other reason, employers are considering day care, referral systems, day-care subsidies, and other ways to reach and get some of those who don't work at all, to come into their work force. Twelve percent are retired -- remember the age groups that I refer to are aged 20 to 65. So if you are an employer looking for additional workers, you are going to think about creating an attraction to get some of those early-retired people back into the work force -- your workforce. You are

going to put a little bit of an edge over the company next door. You will devise recruitment probes to try to bring back those who were retired before 65; by the way, 19 percent of the people who don't work all year are too sick to work, and that is probably not a good source of additional workers.

There are implications throughout all three of my three views of labor shortage. There are implications for older workers. The first view about the kinds of shortages there are in experience, traits, backgrounds and behaviors, is that older workers are trained already. They are able to work autonomously already. They have lived their lives and come to grips with their lives and, in fact, have managed to become older workers, which takes a lot of "ept". Having all of that "ept," and not being the inept young and inexperienced people, they are attractive to employers. They have been able to reason, and learned to reason through life experience. They certainly are much better able to *envision consequences*, and adjust their behavior, being able to envision consequences. In fact, that may be the one skill that you really gain with age consistently. If these are the qualities that more and more work requires (and that is the way I see the job picture changing in this country), then older workers are better equipped than anyone else to do the job. That is my first look at labor shortages.

My second look at labor shortages was on the selectivity of employers. The shock of not being able to be selective has occurred now to employers. It can be lessened, and this has begun to occur to employers. It can be lessened by recruiting among those who already have a work record, so if an employer doesn't like what he sees when he is thinking of a 25 year-old young white man or a 25 year-old anything, he can blink again and reconsider his hiring of older workers, or his perception of older workers.

My third point was about the nonworking group -- the 12 percent of nonworking adults under 65 who retired early -- which is a very useful labor supply. They can be appealed to, particularly with another kind of job relationship that is growing, that is, *contingent work*. But by that I mean part-time work; temporary work; and work that we

would call consulting or contract work with specific jobs to be done in a specific frame of time. That kind of loose relationship is one which definitely fits older workers, much better than it fits anyone else, and is in fact something that can especially appeal to them. If you are an employer, you are going to come at some point to be creative enough to think of that.

To me it is a time of great opportunity for older workers now to be directly useful, and to remain useful in the labor market because we need them.

CHAPTER 3

RETIREES' RE-ENTRY INTO THE LABOR FORCE

Melissa A. Hardy*

In recent decades we have seen a transformation in retirement behavior that has changed the age composition of the labor force and increased the number of older, able-bodied "retirees." The pattern has been for older workers to leave the labor force in greater numbers at earlier ages. However, demographic projections suggest that smaller-sized cohorts of younger workers entering the labor force will increase the demand for the labor of older workers. The question is: Will any older workers be interested?

The continued participation of older workers in the labor force depends on older workers' retaining the capacity for employment (a question of disability), on older workers retaining an interest in employment (a question of availability), and on employers developing an interest in hiring or retaining older workers (a question of utilization). It also depends on the *fit* between the older workers who are available for employment and the worker skills, worker temperaments, and worker characteristics that employers are willing to hire. This chapter addresses the question of fit between availability and utilization of older workers in Florida. The observations reported here are based on the results of an extensive telephone survey of Florida residents aged 55 and older that was conducted in the summer of 1986.

Consistent with census figures for Florida, almost three-quarters of the sample were not employed at the time of the interview. Of those in the labor force, all but 4.0 percent were currently working at a job; the category of officially unemployed (those without a job but currently looking for work) is therefore very small in this age group. The 73 percent who were out of the labor force are distributed

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distributed across four categories: (1) those who want a job; (2) retired workers; (3) workers whose health prevents them from working; and (4) those who never worked outside the home. Over 13 percent of those out of the labor force said they would like to have a job, but were not actively looking for work. The remainder of respondents were distributed across the other categories.

There are some clear age differences in the distribution of respondents across these categories. The proportion employed declines with age; the proportion retired increases with age; and the proportion unable to work also increases with age. Those who said they wanted a job are equivalently distributed across the three younger age groups. The proportion declines only for the 75 and older age group.

There were also some important race/ethnic and gender differences in the sizes of these groups. Among men, Whites had the lowest labor force participation rate while Blacks had the highest. Minority males were also more likely than Whites to say they wanted a job. In fact, two of every three nonWhite males were either currently working or wanted to work, compared to only two of every five White males. Black women were employed at about the same rate as White men; White and Hispanic women were characterized by a lower labor force participation rate, with White women displaying the highest proportion of retirees. However, no race/ethnic differences were noted among women who said they wanted to find work.

These distributions raise questions about the availability of older workers for employment. Although the distinction between being in and out of the labor force is meant to discriminate between utilized or available labor power and unavailable labor power, the question of "availability" blurs the boundary between these two primary categories of labor force participation. Assessing availability is behind the determination of unemployment figures -- the assumption being that workers who are "available" will be actively engaged in job search behavior. However, fairly recent attention focused on the phenomenon of the "discouraged" worker calls this assumption into question. The official category, "discouraged workers," is a relatively recent creation of the

Bureau of Labor Statistics, motivated by the recognition that workers who are not actively seeking employment are not necessarily uninterested in taking a job. In fact, among those who say they want to work, the differences among those who are "unemployed", those who are "discouraged", and those who are "retired" may lie in their perceptions of opportunities and their evaluations of alternatives. For older workers, this assumption can be particularly problematic, since alternative income sources may take away the urgency of finding employment. In fact, continued eligibility for Social Security benefits through the earnings test has required that older workers maintain, at most, a marginal attachment to the labor force. Similarly, private pension plans often place restrictions on the subsequent employment of "retired" workers.

In assessing the potential for work behavior among older workers currently out of the labor force, it is therefore important not only to distinguish labor force groups on the basis of physical capacity (i.e., the difference between retirees and disabled workers), but to make more refined categorizations on the basis of work interest among the currently retired. The possibility of work-after-retirement represents an important opportunity for some; but others who desire to work after retirement remain out of the labor force. The question is: Who gets back in?

Central to this issue is the question of voluntarism in the "retirement" transition, since the motivation for the retirement transition may affect the way an older worker defines his or her personal value as a worker as well as the value of older workers in general. Voluntarism has always been a concern of retirement research, since the enactment and the timing of this transition plays an important role in defining the financial situation of the elderly. "Involuntary" retirement -- conventionally defined as retirement resulting from the employer's rather than the employee's decision to terminate employment -- exemplifies the lack of control some elderly have in determining their economic statuses, since the availability of certain alternatives may be governed by factors they are unable to influence. Early retirement studies (e.g., Wentworth, 1945; Stecker, 1951, 1955) were perhaps more concerned with "involuntary" retirement than were studies

in the 1970s and 1980s because of the strong historical linkage between retirement and old age poverty. The limited coverage and low levels of private pensions, as well as the low level of Social Security benefits (consistent with the prevailing view that Social Security benefits should be seen as one component of retirement income and, as one of several sources, should not be expected to provide an adequate level of retirement income) coupled with a rising cost of living made retirement a financially difficult time for older workers. The fact that many elderly couples needed earnings income to stay above the poverty line made the involuntary retirement of older workers particularly problematic. For example, early studies by the Social Security Administration concluded that the decision to retire early was primarily the result of poor health and difficulties in finding and keeping jobs, and that the availability of Social Security retirement benefits played only a secondary role (see Munnell, 1977). More recent studies have reported increases in "voluntary" retirement, a decrease in the proportion of workers who retire because of ill health, and an increase in the importance of pension eligibility for the timing of the retirement transition (Bixby, 1976; Campbell and Campbell, 1976; Hardy, 1982).

These empirical observations are evidence of a shift in the normative pattern of retirement, but not of the elimination of the problem of "involuntary" retirement. Arguing that improved retirement income provisions have made retirement more available to older workers in general, and then demonstrating that there is a coincident trend toward increasing voluntary retirement at earlier ages does not negate the possibility that some older workers are moving into retirement through the absence of employment alternatives rather than through the decision to refuse such alternatives. These are the "discouraged" older -workers: workers who accept retirement because they cannot find work; workers who want jobs but have given up the search because they believe no jobs are available or that they are not competitive in the job market.

Reentry into the Labor Force

The analysis that follows examines the determinants of successful reentry into the labor force after retirement for men and women aged 55 and older. Using survey data from a representative sample of older Florida residents, I assess the impact of demographic and exit-related characteristics on the probability of post-retirement employment. Unlike previous studies (e.g., Beck, 1984) which analyzed how reentrants differed from the general population of retirees who remained out of the labor force, the focus of this investigation is on retirees who want post-retirement employment and either succeeded or failed in locating it. As such, it is a study of the utilization pattern of older workers who declare themselves "available" for employment.

Rosenblum (1975) reports that workers aged 55 and older have the highest proportion of discouraged workers of any age group. Although the overall unemployment rates of older workers have not been unusually high compared to other age groups, older workers face a risk of longer unemployment duration once laid off, and the unemployment rate for older workers tends to be less responsive to changes in the business cycle. Workers in their 60s constitute a disproportionate number of persons exhausting their unemployment benefits (Sheppard, 1976:298), and studies have reported that the majority of men aged 60 or older who become unemployed are unable to return to active labor force participation (see, e.g., Garfinkle, 1977).

The unemployment of older workers appears to be a particularly resistant form of unemployment, and those groups who are characterized by marginal attachments to the labor force at younger ages may well enter old age at a considerable disadvantage. However, some labor economists have argued that, as the baby boom cohorts move into retirement, older workers will be in increasing demand. Although such speculations are based on a variety of considerations, one key factor is the shift in the proportion of retirees to the proportion of active workers that is expected to accompany the growing proportion of elderly in the national population. In fact, recent legislation eliminating mandatory retirement ages is often cited as one example of a policy shift designed to remove or at least reduce im-

pediments to the employment of older workers. Given that context, it could prove valuable to examine the experiences of older workers in a geographical region where the proportion of elderly is already high by national standards, since, by the assumptions of the above argument, the marketability of older workers in this region should be relatively good. It is within this type of demographic context that we will assess the extent to which older workers who want to work after an initial retirement can successfully reenter the labor force.

Because Florida has both the largest percentage of elderly and the fastest growing elderly population of any state in the nation, the work/retirement experiences of its older citizens can provide important information for evaluating some of these issues. The fact that Florida is demographically atypical in age distribution means that these results can not be considered descriptive of the experiences of older workers in the United States in general. However, if the rate of successful post-retirement employment is linked to the relative size of the elderly population and to the relative strength of the local economy, then conditions in Florida appear favorable to the employment opportunities of older workers. The state unemployment rate has been lower than the national average; key industries have been relocating or expanding into Florida; and, because of the statewide emphasis on Florida as a "haven" for senior citizens and the relative market share that seniors comprise, both state agencies and private employers are sensitized to the desirability of maintaining a positive image through their interactions with older citizens. Therefore, the successes and failures described in this analysis occurred within a context that, by all these criteria, could be defined as relatively favorable to older workers.

Analysis Design

From the survey information described earlier, two categories of particular interest could be constructed: those who reported they had previously retired but then reentered the labor force and were currently employed (hereafter, the "reentrants") and those who were currently out of the labor force, said they wanted a job, but were not

looking for one at the time of interviewing (the "discouraged worker"). The reentrants comprise 26.9 percent of the 568 sample members who were in the labor force, while the discouraged workers comprise 13.4 percent of the 1,532 sample members who were out of the labor force.

Both categories have in common the event of retirement, i.e., self-designations of having retired from more or less continuous occupational careers.[1] (Reasons given for the retirement decision will be examined below.) The two categories also have in common a desire to be employed; for every three who succeeded in fulfilling that desire (the reentrants), four did not. These latter, the discouraged workers, not only stated during the interview that they wanted a job; they provided descriptions of the kinds of jobs they were interested in finding.[2] Who were these workers, in comparison to the reentrants? What characteristics discriminate successful reentry from no reentry?

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[1]The term "retirement" has been used in the existing research literature to denote several different types of transitions. In the two most common usages, retirement refers either to a permanent exit from the labor force after leaving a late-career job or simply to an exit
from a late-career job. The former definition implies no reentry behavior and withholds the designation of "retiree" for those workers who are out of the labor force to stay. However, as average retirement age has become younger and average survival age older, the permanence of any such exit is harder to guarantee. The latter definition, one that is more consistent with every-day usage of the term, allows for work-after-retirement, i.e., labor force reentry after an initial exit. In this chapter the latter definition is applied.

[2]The official definition of discouraged workers used by the Bureau of Labor Statistics not only requires workers to indicate their desire for unemployment; they must also report that their reasons for failing to look for employment are either structural (e.g., there are no jobs available) or relate to personal characteristics they feel make them unhirable as workers (e.g., they're "too old"; they don't have the "right" skills). If, for example, workers also indicate that their health has interfered with their reentry into the labor force, or that they are needed at home, they are not counted as discouraged workers since factors other then the availability of job or their own characteristics as workers account for their absence from the labor force, i.e., make them "unavailable." In this study, workers were not asked to explain why they hadn't been looking for work or when their most recent search behavior occurred; therefore some of the workers counted here as "discouraged" may not satisfy the Bureau's definition.

The following analyses are an attempt to provide some answers to those questions.

Comparing Discouraged Workers With Reentrants

As the contrast constructed in that last sentence -- "successful reentry" versus "no reentry" -- was meant to signal, those respondents who are here labelled "discouraged workers" may or may not have actually attempted to find employment. We know that they were not looking for jobs at the time of interview. But since the interview schedule included no questions about previous efforts, we do not know whether or to what extent they had actively sought employment sometime between date of
retirement and time of interview. So in one sense, calling then "discouraged workers" may not be entirely "realistic"; i.e., some unknown number
of respondents placed in that category may never have actually attempted to find employment, but nonetheless told the interviewers that they did "want a job" for social-desirability reasons. After all, much of the character of being a "responsible, productive adult," of having "significant status" in life, is bound up with the general role and activity of "gainful employment." From another point of view, however, these same respondents could be qualified as the most discouraged of discouraged workers: they continue to think of themselves as "workers," for all the socially desirable reasons, but have made little or no effort to locate a job because they are convinced of the futility of it.

TABLE 1
COMPARISON OF DISCOURAGED WORKERS AND REENTRANTS

VARIABLE	MEAN VALUE OF VARIABLE: DISCOURAGED WORKERS	REENTRANTS	BOTH GROUPS	STANDARD DEVIATION: BOTH
AGE (YEARS)	65.7	64.7	65.3	6.5
LAST OCC (SEI)	35.6	46.5	40.0	20.3
YEAR STOPPED	1980	1978	1979	5.8
TIME	5.8	4.4	5.3	5.5
AGE STOPPED	60.0	56.6	58.6	7.1
INVOLUNTARY %	23	12.3	18.9	39.2
HEALTH (GOOD)	79.5	81.4	80.3	39.9
BLACK %	8.3	4.6	6.8	25.3
HISPANIC %	11.5	12.3	11.8	32.3
FEMALE %	62.7	34.6	51.4	50.1
MARRIED %	53.1	66.4	58.0	49.0
PENSION %	35.3	47.6	40.2	49.1

This latter conjecture is in accord with an expectation that the discouraged-worker category consists disproportionately of people whose pre-retirement careers were marked by one or another relative disadvantage in the labor market. In general, that is, one would expect at least some degree of continuity across the retirement event in the sorting factors that discriminate degrees of success in such components of labor-market activity as finding a job, avoiding periods of unemployment, advancement in occupational status, and so forth. Indeed, the data reported in Table 1 offer some support for that expectation. As compared with reentrants, the discouraged workers were disproportionately Black, disproportionately female, less likely to be married and, judging from Duncan scores of last pre-retirement occupation, of lower average socioeconomic status. Also, reentrants were more likely to be expecting or already receiving income from a private pension plan.

While there was no difference between categories in mean age (reentrants and discouraged workers had mean ages of 64 and 66 respectively), the retirement event was more recent for the discouraged workers than for the reentrants, indicating that the former were somewhat older, on average, when they left the labor force. Whereas reentrants had an average retirement age of 56, discouraged workers retired at an average age just under 60. In addition, although mean ages for both groups were not significantly different, analysis of the distribution of workers within age categories revealed that, among workers aged less than 65 (the age conventionally associated with retirement), reentrants were skewed more to the 54-61 age group whereas discouraged workers were almost evenly split between the 55-61 and the 62-64 age groups.

Discouraged workers were also more likely to have retired involuntarily, as shown in Table 2. In fact, almost one in four discouraged workers cited factors such as layoffs, plant closings, firings, mandatory retirement policies and other nonvoluntary terminations as the main reason for their retirements. In contrast, reentrants were more likely to have claimed dissatisfaction with their previous job (such as a

dislike of job tasks, dislike of work conditions or their employers) and more likely to have reported that they were financially able to move into retirement. In addition, eight percent of the discouraged workers reported leaving the labor force in order to provide health care for a sick relative (often a spouse).

TABLE 2
MULTIPLE RESPONSE DISTRIBUTION OF REASONS FOR RETIREMENT AMONG OLDER WORKERS WHO WANTED TO CONTINUE WORKING

WHY RESPONDENT RETIRED	SUCCESSFUL REENTRY	UNSUCCESSFUL REENTRY
INVOLUNTARY[a]	12.3	23.0
JOB DISSATISFACTION[a]	24.8	16.2
HEALTH	14.4	22.1
FINANCIALLY ABLE[a]	14.4	3.9
TIME TO RETIRE	26.8	24.0
NEEDED AS CAREGIVER	4.6	8.8
AGE	4.6	3.4
DO OTHER THINGS	9.2	9.8
OTHER[a]	12.4	3.0

Percents and totals based on the number of respondents.
[a]Group differences are significant at the .05 level or better.

All in all, then, the foregoing comparisons suggest that, relative to the reentrants, the discouraged workers as a group had experienced competitive disadvantages in occupational worklife before retirement and were less well prepared for a retirement that more often occurred involuntarily, if also at a somewhat older age.

Models of Post-Retirement Employment

What characteristics of older workers are associated with success in finding post-retirement employment, and what characteristics are associated with an inability to maintain an attachment to the labor force? On the basis of the arguments developed earlier, a series of equations predicting success (as a binary dependent variable) were estimated. Maximum likelihood estimates of coefficients, their standard errors, and the t-values are reported in Table 4; sample means and subgroup means are reported in Table 3.

TABLE 3
PROBIT MODELS PREDICTING SUCCESSFUL LABOR FORCE REENTRY

	EQUATION 1	EQUATION 2	EQUATION 3	EQUATION 4
CONSTANT	2.31	1.51	89.45	249.14
	(.81)	(.86)	(18.90)	(48.21)
	2.84	1.76	4.73	5.17
BLACK	- .70	- .51	- .34	- .30
	(.37)	(.40)	(.41)	(.41)
	-1.90	-1.30	- .83	- .73
HISPANIC	- .05	.27	.41	.48
	(.24)	(.25)	(.26)	(.27)
	- .22	1.06	1.55	1.78
GENDER	- .86	- .86	- .93	-9.51
	(.15)	(.16)	(.16)	(2.14)
	-5.62	-5.44	-5.68	4.45
AGE	- .03	- .03	- .04	- .04
	(.01)	(.01)	(.01)	(.01)
	-2.69	-2.47	-3.16	-2.94
INVOL		- .43	- .41	- .45
		(.21)	(.22)	(.23)
		-2.66	-1.89	-1.98
AGE		.02	.02	.02
		(.005)	(.004)	(.004)
		3.79	3.96	4.09
HEALTH		.10	.14	.16
		(.20)	(.21)	(.21)
		- .51	.70	.74
YEAR STOPPED			- .04	- .12
			(.01)	(.2)
			-4.66	-5.14
GENDER/YS INT.				(.03)
				4.0
LOG LIKELI-HOOD	-186.4	-176.5	-164.9	-154.5
DF	4	7	8	9

Equation 1 estimates the probability of successful reentry on the basis of demographic characteristics such as race/ethnicity, gender, and age. The results reported in column 1 of Table 3 indicate that Blacks, women, and older workers are less likely to have found post-retirement employment; however, being Hispanic does not appear to have been a disadvantage.

The negative effects of being Black and being female are of considerable magnitude; older Black women are clearly the most disadvantaged group. To illustrate the difference, compare the predicted probability of post-retirement employment for Black and White men and women aged 55 years old. Adjusting the constant, 2.31, for the reduction in probability associated with being aged 55 results in a z-score of .66. Since White males serve as the reference group, the probability of reentry for 55-year-old White males in this sample was .75 (associated with the z-score of .66). Blacks have their chances of reentry reduced by .7, setting the probability for Black males at .48. The probability of older White women reentering was .42, slightly lower than for Black men. For Black women, however, the likelihood of reentry was only .18. In other words, whereas the odds for White males reentering are 3 to 1 in their favor, Black men and White women experience slightly worse than even odds, and for Black women, the odds are better than 4 to 1 against them.

Equation 2 includes measures of relative value of the worker's skills. Workers who occupied higher status jobs during their careers have skills valued more highly than workers in low status jobs; workers whose retirement was nonvoluntary are assumed to be workers in low demand; and workers who reported that they were not in good health may well be less attractive to employers than workers in good health. Results for equation 2 show that workers retiring from lower status jobs and workers whose retirements were involuntary were less likely than their counterparts to find post-retirement employment. However, health status does not exert a significant net effect on successful reentry. These estimations also suggest that part of the race difference is mediated through these demand factors. Once job status

and voluntarism in exit behavior are controlled, the coefficient for Blacks is no longer significant, an observation supported by descriptive statistics showing a strong correlation between race and SEI. The average SEI score for Blacks was 27.3 compared to 42.5 for Whites. However, the effect of gender remains unchanged, as does the effect of age, indicating that, in the process of reentry, the negative effects of gender and age operate virtually independently of the effects of job status and voluntarism.

It is also possible that the timing of a worker's retirement influences the probability of reentry. Since this is a cross sectional study, we can only compare successful with unsuccessful reentrants at the time of the survey. It is always possible that some of those who were unsuccessful when we conducted the interviews have since found employment. However, it is also important to remember that the unsuccessful reentrants were not actively looking for employment, and failure to search for a job certainly decreases one's chances of finding employment. The meaning of the timing of the retirement is potentially threefold: First, the proximity of the retirement to the survey date affects the length of time the worker could have been involved in job search behavior. Second, the timing of the retirement may also correlate with the age at which the older worker became available for reentry. To some extent, the age effect is captured by the age variable already included in the estimation. But, third, it is also the case that earlier calendar year retirements occurred, on average, at younger ages. In addition, however, the retirement and attempted reentry occurred within a broader economic context that may have been more or less conducive to finding employment. Equations 3 and 4 include a measure of the year (last two digits) the respondent "retired" and an interaction term for the retirement year variable with gender. Both terms add to the explanatory power of the model. Results suggest that the more recent the retirement, the less likely the worker successfully reentered the labor force, but that this effect was essentially limited to the males and not the females.

Looking again at the descriptive statistics supplied in Table 1, three points are relevant to our understanding of these results. First,

the subgroup comparison of the "TIME" variable shows that, on average, older workers who successfully reentered the labor force averaged more than a four-year interim between their retirements and their reentries. For the unsuccessful older workers, the average duration since their last employment was a slightly higher 5.8 years. A second interesting contrast involves when the retirements took place. For the successful workers, their retirements occurred primarily in the 1970s -- distributed around a mean of 1978; however, unsuccessful workers were leaving the labor force in the late 1970s and early 1980s -- distributed around a mean of 1980. Consequently, their involuntary withdrawals as well as their failure to relocate occurred within the context of rising general unemployment rates and business failures. A third contrast to keep in mind is the group difference in the age of exit. Since the average age of the two groups is not significantly different, then the difference lies in the timing of the exit relative to both age and history. For men, reentrants and discouraged workers are significantly different on both time measures -- reentrants leave earlier (1977 vs. 1982) and at younger ages 57 vs. 62). However, women show significant differences only in age at exit (55 vs. 59), not in the average date of exit (1979 for both groups).

Discussion

Because the dynamics of the supply and demand for labor are not uniform across all skills, or across all demographic groups, a worker's ability to secure acceptable employment depends on the demand for the category of labor he or she represents as well as the depth of competition in the labor supply. The strength of demand for labor can be viewed in three ways -- as the generalized demand for labor expressed in gross unemployment rates, as the generalized demand for certain demographic categories of labor expressed in group specific unemployment rates, and as specific demand for the talents of a given worker reflected in the employment/unemployment experiences of individual workers. During the 12 to 24 months prior to this survey, the national unemployment rate was approximately 7 percent. Florida's unemployment rate averaged one percent less than the national average, or about 6 percent.

Although unemployment rates for Florida by age group within categories of race, gender, and Hispanic origin are not available, the detail that is available allows some general statements as to the impact of unemployment on different subgroups. National figures indicate that the unemployment rates for 55-64 year olds are generally lower than the unemployment rates for younger age groups (Bureau of the Census, 1985, No. 663). Rates specific to Florida (Florida Statistical Abstract, 1986, Table 6.12) indicate that the unemployment rate for women was higher than the rate for men (7.2 versus 5.6). In addition, these gender differences hold across race/ethnic groups. White males have the lowest unemployment rates (4.4), and Black women have the highest unemployment rates (14.9). In fact, unemployment rates for Blacks in Florida were twice the rates for Hispanics and almost three times the rates for Whites. Although these rates are not specific to the subset of older workers (i.e., it is unclear whether these patterns would be reproduced if they described only older workers in Florida), it is clear that Blacks and women are at a disadvantage in the Florida labor market. This disadvantage is maintained across the retirement transition, particularly for women.

Summarizing, I have examined here the factors that distinguish successful from unsuccessful older workers who desire post-retirement employment, and found that many of the factors associated with an insufficient demand for labor at younger ages are reproduced as predictors of unsuccessful reentry after an initial retirement. Although the racial difference in success rates appears to be mediated through earlier locations in the occupational structure (and, relatedly, to the different levels of skill and access those locations represent), the gender difference in successful reentry remained unchanged when these additional structural variables were introduced.

The fact that poverty among the elderly remains a disproportionately "female problem" makes the unsuccessful reentry of older women workers into the labor force particularly troublesome. In addition, the older the worker was when last employed, the less likely the worker was to successfully reenter the labor force.

RETIREES' RE-ENTRY INTO THE LABOR FORCE

Ironically, the issue of voluntarism in the retirement transition predicts success rather than failure in reentry. Those workers whose retirement transition was "unplanned" by their accounts -- workers whose retirements were prompted by a plant shutdown, a management "shake-up", a reorganization of the work force at their place of employment, or by mandatory retirement policies -- were less likely to successfully reenter the labor force than older workers who reported that their initial retirement was prompted by their favorable view of their retirement income situation. In contrast, the retirement income picture for the older workers who were not successful in finding post-retirement employment is not particularly good. (Table 4)

TABLE 4
REPORTED HOUSEHOLD INCOME BY
POST-RETIREMENT EMPLOYMENT

	UNSUCCESSFUL REENTRY	SUCCESSFUL REENTRY
UNDER $5,000	16.1%	4.8%
$5,000 - $9,999	26.7	10.3
$10,000 - $14,999	26.1	21.4
$15,000 - $19,999	10.6	11.1
$20,000 - $24,999	7.2	11.1
$25,000 - $29,999	6.1	7.1
$30,000 - $39,999	4.4	11.9
$40,000 - $49,999	1.7	6.3
$50,000 - AND OVER	1.1	15.9

RAW CHI-SQUARE = 57.67, SIGNIFICANT AT .001

More than two-thirds of these respondents reported household incomes below $15,000 per year, with 43 percent reporting household incomes below $10,000 and 16 percent below $5,000.

"Retirement," as an alternative status to continued employment, is therefore a less desirable solution for some than for others. And the structure of earnings on which retirement income is based simply incorporates disadvantages in finding and keeping employment into the calculation of retirement benefits. Years of unsuccessful searching at older ages can simply penalize older workers for not "retiring" earlier.

These older workers blur the boundary between unemployment and retirement; for them, the distinction is largely one of federal regulations that continue to define them as eligible for public pension benefits and does not require that they engage in active job-search behavior to maintain their eligibility. Whether that makes them less available for employment than older workers who claim to be searching is unclear. The assumption that "real" availability should translate into active job seeking does not allow for the rationality of withdrawal that is predicated on the belief that the action of job seeking is futile, nor does it recognize that this belief in the futility of such actions can be quite legitimately grounded in personal histories.

The opportunities for older workers in Florida that allowed many "retired" older workers to find suitable employment were not sufficient to absorb these low-demand workers. Therefore, in contemplating the impact of projected increase in the demand for older workers, it is important to remember that it is not simply the characteristic of age that matters; it is the skill requirements and more general worker characteristics that will define the particulars of this demand. Based on this admittedly limited assessment, we must question whether those who could benefit most from the predicted expansions in the demand for workers will possess the skills and the geographic mobility to take advantage of that demand.

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NOTES

This research was supported by a grant from the Aging and Adult Services Office of the Florida Health and Rehabilitative Services Department. I would like to acknowledge the contributions of Mary Stutzman, who served as co-investigator on the original data collection project, and Lisa Imbriani, who assisted in fielding the survey.

CHAPTER 4

THE WORK ENVIRONMENT AND EMPLOYEE BENEFITS AS INCENTIVES FOR THE OLDER WORKER

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Introduction

This chapter discusses preliminary findings of a study concerned with identifying employee benefits and factors in the work environment which should be considered by firms seeking both to retain their employees beyond the firm's usual retirement age and to recruit new employees from available persons who are 55 years of age or more. The data were collected through survey research methodology incorporating the use of mail surveys and survey forms distributed through group meetings. The data analysis is not yet complete, and this report represents only preliminary findings.

An array of twenty-two benefits was presented which the respondents were asked to evaluate, using a Likert-type scale. Five of these benefits were found to be quite important to all respondents and another fourteen were moderately important to important. The five benefits considered to be very important were: 1) a comprehensive group health insurance plan; 2) competitive salaries; 3) generous vacation time; 4) a comprehensive retirement plan; and 5) disability insurance. While the rank order varied between the younger and older employee respondents, all employees perceived these five benefits to be the most important to them. The manager respondents,

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however, ranked a comprehensive retirement plan as ninth and ranked a pre-paid prescription plan as second when asked how they thought older persons would evaluate these benefits.

Generally, there were a number of wide variances in the rankings given to these twenty-two benefits by the manager respondents and the employee respondents. The managers also significantly ($<.0$)underestimated the value of seventeen of the benefits in comparison to the value placed on them by the employee respondents. It is suggested that service industry managers are not well aware of the types of benefits most valued by employees or possible employees and underestimate the employees' perceived value of the benefits they might offer. Accordingly, an important feature of any management plan to improve employee recruitment, particularly of older persons, seems to be a careful evaluation and possible revision of the firm's benefit package.

An array of thirty possible characteristics of the work environment was also considered. All but two of these characteristics were considered to be at least moderately important and nine of them were considered to be very important. These nine factors were: 1) Work in clean, comfortable environment; 2) Have a feeling of accomplishment from the job; 3) Use educational background and experience; 4) Count on job security; 5) Work in position respected by others; 6) Anticipate regular promotions of best qualified employees; 7) Receive frequent supervisor recognition for a job well done; 8) Work with superiors who are respected and admired; 9) Continue development of skills for assigned job.

The rankings given to these factors by the managers again often varied widely from the rankings given to them by both the older and younger employee respondents. The managers also again underestimated the value that the employees seemed to place on these factors, significantly underestimating the value for twenty-four of the thirty factors.

Factors in the employment environment, as well as benefits, seem to be quite important to employees or potential employees.

Because of the importance placed on them by employees, it is suggested that a well tailored work environment can also be a means of recruiting and retaining employees. However, as with the benefits considered, managers' perspective of which factors are important and the degree to which they are important to employees seems to be quite different from that of employees. Therefore, managers seem to need to seriously reconsider the structure of the work environment of their firm and retailor it, as may be appropriate, if they wish to recruit and retain older persons as employees.

Introduction

As the labor market continues to tighten in the 1990s and beyond, many firms will need to explore new alternatives for meeting their employee needs. One way to reduce the need for new employees is to retain employees longer in the work force. Firms able to achieve such an extension in their employee' working life would not only reduce their demand for new employees, but would also enjoy the additional advantage of having these positions filled by experienced, trained personnel.

In addition to retaining their older employees for a longer time period, another alternative is to recruit new employees from the increasing numbers or older persons in the population. However, such recruitment is often quite difficult. Persons who have retired from the work force or who have never entered it during their earlier years, need to have some real incentives to seek employment during their later years.

There is little research available which focuses on the identification of benefits or factors in the work environment which are influential on a person's decision to remain on the job beyond the age which has become the "usual" retirement age with that firm or industry, or which would be important considerations for an older person thinking of returning to the work force. The identification of such benefits and other influential factors, and a determination of the extent to which they might influence the "retirement or work" decision

could help firms better structure their personnel policies and their work environments in a manner that would encourage older persons to retain or seek employment with them. Here we want to present and discuss preliminary findings of a study concerned with identifying employee benefits and factors in the work environment which should be considered by firms seeking both to retain their employees beyond the firm's usual retirement age and to recruit new employees from available persons who are 55 years of age or more.

Methodology

In 1988, the researchers received a grant from the Andrus Foundation of the American Association for Retired Persons to study the impact of employee benefits and job outcomes on the employment of older persons in the service industries. As a part of that study, attention was focused on two arrays of factors. One listing represented a comprehensive range of benefits that a firm might offer employees to attract them to remain on the job or to seek work at that firm. The other listed thirty factors typically associated with any work environment which might be either important or unimportant to older persons working in a particular work environment. Respondents were asked to indicate the importance that they felt each listed benefit or work environment factor would have for an older person deciding whether to remain on the job or whether to seek and accept employment with a particular firm.

Responses to both sections were made using a Likert type scale where a score of five indicated a rating of very important, a three indicated moderate importance, and a one indicated that the item was not important. Any item with a mean response value of less than three was considered to have no positive influence on older persons' decisions to either remain on the job or to seek employment.

Two populations were included in the study. These populations were composed of persons age 55 and older who were or could possibly be employed, and managers of service industry firms. The study was conducted using a survey research format. The survey forms were distributed several different ways. Most of the forms were dis-

tributed by mail to a sample randomly selected from the listings of the heads of households age 55 and older and to another random sample of managers and personnel directors of accommodation, food service, financial, and health care firms. The listings used for the sample were purchased from a commercial data base firm. All mailings were to persons located in the states of Florida, Texas, Nevada, New Mexico, Arizona, and southern California.

The return rate from the mail survey was extremely low (anticipated to be about five percent or slightly less), though the actual rate has not yet been finally calculated. While the complete range of reasons for the low return rate is not known, apathy and a lack of concern about these employment issues surely ranks quite high as a possibility, given the problems encountered with the alternative distribution avenues. Also, correspondence was received from firms saying that they did not participate in survey research projects. Some correspondence from older persons indicated that they had retired and these questions were no longer of any concern to them. The very low return rate from the mailings may limit the findings to be applicable only to those persons and firms who are concerned about labor issues and with issues regarding retirement policies and the employment of older persons.

Forms were also distributed by direct contact with groups or group representatives. In these cases, the person either completed the form while at the event during which they were distributed or took the form with them, completed it later at their convenience, and returned it by mail. The response rate was considerably better here, but has still not been determined as yet. Most people, though, who took a form did return it. Unfortunately, most of these types of personal contacts were down in Florida. Thus the number of respondents from the other five states is very limited.

Once the forms were completed, the data were put onto a computer data tape by a commercial data entry firm. This tape is being updated periodically as more data are obtained. The data tape is then used to run statistical analyses using the SPSS X program. The

statistics reported here may change prior to the completion of the final report. However, since most of the results, to date, are very consistent and the significant relationships indicated are highly significant, it is anticipated that these preliminary results are reasonably representative of the final results.

The particular arrays discussed here were also included in a smaller preliminary survey project undertaken by the researchers to pretest the concepts and some of the question arrays included in the Andrus Foundation study. The smaller study surveys were distributed only in Florida, and the employee survey form was distributed to employees of all age groups rather than only to older employees. Because the scales used are identical to those used in the Andrus Foundation study, the data from the two studies are combined for the purposes of this report. This combination allows the researchers to make comparisons between the responses of employees of different age groups which would not otherwise be possible.

Results and Discussion

It was felt that one possible vehicle for motivating persons to remain on the job and for attracting employees would be for firms to offer benefits which would be attractive to older persons. Since it was felt that these benefits might be different from those desired by younger employees and/or those currently being offered by service industry firms, respondents were asked to indicate their feelings regarding 22 possible benefits that might be included in a firm's benefits package. Table 1 lists these benefits in rank order by their mean value score as they were scored by the total respondent population.

TABLE 1
BENEFITS ATTRACTING PERSONS TO SEEK WORK AT A FIRM

	MEAN SCORE*
COMPREHENSIVE GROUP HEALTH INSURANCE PLAN	4.419
COMPETITIVE SALARIES	4.129
GENEROUS VACATION TIME	4.063
COMPREHENSIVE RETIREMENT PLAN	4.007
DISABILITY INSURANCE PLAN	3.981
RETIREMENT PLAN COVERING EMPLOYEES WHO WORK BEYOND AGE 65	3.853
PRE-PAID PRESCRIPTION DRUG PLAN	3.709
LIFE INSURANCE PLAN	3.685
SURVIVOR INCOME PLAN	3.651
DENTAL PLAN (INCLUDING ORTHODONTICS)	3.625
EYE CARE INSURANCE PLAN	3.625
ALLOWED TO ACCRUE MORE THAN 60 DAYS OF SICK TIME OVER SEVERAL YEARS OF EMPLOYMENT	3.371
EMPLOYEE DISCOUNTS FOR COMPANY PRODUCTS OR SERVICES	3.369
PROFIT SHARING PLAN	3.347
COMPREHENSIVE IN-HOUSE EDUCATION AND TRAINING PROGRAM	3.320
WELLNESS PROGRAM	3.245
THRIFT/SAVINGS PLAN	3.156
COMPANY STOCK OPTIONS	3.146
HEALTH MAINTENANCE ORGANIZATION MEMBERSHIP	3.049
TUITION REIMBURSEMENT PLAN	2.822
CAR POOLING SERVICE OR OTHER TRANSPORTATION PROGRAM	2.582
PAYMENT OF MEMBERSHIP FEES FOR PROFESSIONAL ORGANIZATIONS	2.551

* Mean score calculated from a Likert type response scale where 5 = very important, 3 = moderately important, and 1 = unimportant.

As can be seen from this table, all but three of the possible benefits evaluated were considered to be at least moderately important to the respondents while four of them were felt to be quite important to the respondents (mean scores >4.0). These four, as well as the fifth most value benefit (disability insurance, scoring 3.981) are all benefits generally thought to be highly valued by older persons, as they are concerned with the health and well-being of the employee and the availability of personal time and income both while working and during retirement. In comparison, the three benefits with mean scores below 3.0 are seemingly less age-specific. While older persons may not be that interested in tuition reimbursement (assuming that they have already satisfied their educational desires at a younger age), it is surprising that car pooling/transportation program scored so low in light of the frequent reports that transportation difficulties are an inhibiting factor when firms seek to recruit older persons as employees. The payment of membership fees may have scored low, since many respondents may not be professionals and, therefore, would place little value on this benefit.

The next concern was whether there were differences in the perspective of the respondents who were employees and those who were managers in regard to the importance of these benefits. If managers are making decisions regarding the benefit packages offered by their firms, then ideally they would know what the employees want and develop their packages accordingly, considering the financial and other feasibility constraints of their firms. However, if managers assume that they know what their employees want, but do not really have the correct perspective, many resources of the firm can be expended ineffectively with little long term benefit to the firm.

Table 2 lists the benefits considered in rank order by mean importance score for all employee respondents. The ranks for the several benefits are then indicated for the employees and for the managers. The employer rankings are indicated both for the respondents under age 55 and those age 55 and above.

TABLE 2
COMPARATIVE RANK ORDERING OF BENEFITS BY EMPLOYEES AND MANAGERS

FACTOR	EMPLOYEE RANKING *	MANAGER RANKING
COMPREHENSIVE GROUP HEALTH INSURANCE PLAN	2 (1)	1
COMPETITIVE SALARIES	1 (5)	5
COMPREHENSIVE RETIREMENT PLAN	3 (2)	9
GENEROUS VACATION TIME	4 (4)	4
DISABILITY INSURANCE PLAN	5 (3)	3
RETIREMENT PLAN FOR EMPLOYEES --WORKING BEYOND AGE 65	6 (6)	7
SURVIVOR INCOME PLAN	10 (7)	11
COMPREHENSIVE IN-HOUSE EDUCATION AND TRAINING PROGRAM	7 (16)	18
LIFE INSURANCE PLAN	9 (9)	8
DENTAL PLAN	8 (12)	10
PROFIT SHARING PLAN	11 (13)	16
CAN ACCRUE MORE THAN 60 DAYS SICK LEAVE OVER SEVERAL YEARS	13 (10)	15
EYE CARE INSURANCE PLAN	15 (8)	6
PRE-PAID PRESCRIPTION DRUG PLAN	14 (11)	2
COMPANY STOCK OPTIONS	16 (17)	19
EMPLOYEE DISCOUNTS FOR COMPANY PRODUCTS OR SERVICES	17 (18)	12
THRIFT/SAVINGS PLAN	18 (14)	17
TUITION REIMBURSEMENT PLAN	12 (20)	22
WELLNESS PROGRAM	19 (15)	13
HEALTH MAINTENANCE ORGANIZATION MEMBERSHIP	20 (19)	14
PAYMENT OF MEMBERSHIP FEES FOR PROFESSIONAL ORGANIZATIONS	21 (21)	21
CAR POOLING SERVICE/OTHER TRANSPORTATION PLAN	22 (22)	20

* Employee ranking with no () = rank order of benefits as ranked by employees < age 55; () rank = rank order of benefits, as ranked by employees age 55 or over.

THE WORK ENVIRONMENT AND EMPLOYEE BENEFITS AS INCENTIVES FOR THE OLDER WORKER

It can be readily seen from Table 2 that there are many benefits for which the ranking (and thus the mean importance score) of the managers and the employees is quite different. The largest difference in the rankings of the managers compared to employees over age 55 was for a pre-paid prescription drug plan, ranked second by the managers and eleventh by the employees. Since both the employees and the managers ranked a comprehensive health plan as the most important of all benefits, it may be that the employees considered "comprehensive" to include pre-paid prescription drugs thus giving that benefit, individually, a low importance score, assuming it to be already provided in the health plan they had already scored as being very important. The managers, on the other hand, may have scored each component uniquely and felt that pre-paid prescription drugs were a very important feature for older persons. Another possible explanation for the lower ranking by the employees might be that these persons are in good health and do not perceive a significant need for pre-paid prescription drug coverage while they are working since their ranking is not too dissimilar from that of the younger employees.

The managers seem to overrate (relative to the rankings of employees) two other benefits -- employee discounts for company products or services and HMO memberships. Again, the employees may perceive HMO membership as being covered in their high ranking of a comprehensive group health insurance plan. The low ranking for the discounts on company products and services may indicate that other benefits are perceived to be more immediately applicable to their needs than the firm's products and services and that they would prefer to be able to have higher income levels or the ability to use their discretionary incomes to purchase what they want, rather than be constrained to the company's products and services to realize an economic benefit. It should be noted that both the older and younger employees were in agreement on the rankings for these two benefits.

The managers seem to underrate the importance of three benefits relative to the importance given to them by older employees. The largest difference was in the importance of a comprehensive retire-

ment plan, ranked number two and three by older and younger employees, respectively, and number nine by the managers. This wide variance would seem to indicate a real need for managers to take a close look at their retirement programs and consider modifications which would be encouraging to older persons -- as well as to their younger employees -- if they want to be able to utilize this age cohort as a labor resource.

The other two benefits that seem to be undervalued by managers are (1) the employees' ability to accrue more than sixty days sick leave and (2) a survivor income plan. For both of these benefits, the managers' ranking coincided with that of the younger employees, indicating that these two benefits seem to definitely be age-group specific. They thus could be items worthy of particular attention by firms interested in specifically targeting older persons as employees. Both benefits seem to reflect economic concerns of older employees who see a need to provide for the long-term welfare of a surviving spouse or other dependent family member and who are aware that the recovery times for older persons is longer than that for younger persons, and although they may be currently healthy, the probability that they would encounter a serious illness requiring a long-term sick leave period is higher than it is for younger employees.

There are also some differences in the rankings given to these benefits by the younger and the older employees which seem to reflect three general differences in their perspectives toward employment. Younger employees see competitive salaries as the most important benefit while older respondents indicated more concern with other benefits, such as health care and vacation time than with salaries -- areas which represent coverage of costs which they anticipate and which they seem to consider would be in excess of the benefits of higher income level or which represent opportunities for them to do things that they want to do with their time. This lower concern with competitive salaries is also reflected in their evaluation of important factors in the work environment, as will be discussed later.

The differences in the rankings of the older and the younger employees for health care specific benefits reflect the age groups'

perspectives of the kind of care that they feel they need for themselves and their families. Younger employees were considerably more interested in a dental plan, for example, while older employees were more interested in an eye care insurance plan.

Other benefits for which the age-group rankings were different seem to be reflective of the respondents' perspective of their self-development for their careers. Younger persons ranked benefits associated with educational development, such as in-house education and training and tuition reimbursement, much higher than did older persons. Older persons seem to feel that they have acquired a level of job competency that would enable them to perform effectively in positions that they hold or would consider while younger persons are interested in benefits that would enable them to enhance their abilities for career advancement or provide them with new competencies for new positions.

T-tests were done on the respondent population means to determine which benefits had significant differences in the values placed on them by the manager and the employee respondents. Significant differences ($<=.01$) in the mean values were observed for 17 of the 22 benefits when the total population of employee respondents was compared with the managers. Table 3 lists the benefits for which significant mean value differences were found for both the total employee population and the older population subset. The five benefits which had nonsignificant differences were a life insurance plan, an eye care insurance plan, a wellness program, HMO membership, and car pooling or other transportation service. When only the older employee subset was compared to managers, the number of benefits for which significant mean differences were found dropped to 13. (See Table 3.) This difference might be anticipated, not because managers may be more knowledgeable of older employee preferences, but because they were asked to consider the benefits as they felt they might be valued specifically by older employees.

TABLE 3
BENEFITS FOR WHICH THERE WERE SIGNIFICANT DIFFERENCES IN THE VALUE ASSIGNED TO THEM BY EMPLOYEES AND BY MANAGERS

BENEFIT	SIGNIFICANCE TOTAL POP.	SIGNIFICANCE OLDER SUBSET
COMPETITIVE SALARIES	<.001	N.S.
DENTAL PLAN (WITH ORTHODONTICS)	<.001	N.S.
ALLOWED TO ACCRUE 60+ DAYS SICK TIME OVER SEVERAL YEARS EMPLOYMENT	<.001	<.001
COMPREHENSIVE RETIREMENT PLAN	<.001	<.01
RETIREMENT PLAN COVERING EMPLOYEES WORKING BEYOND AGE 65	<.001	N.S.
GENEROUS VACATION TIME	<.001	<.001
COMPANY STOCK OPTIONS	<.001	<.001
PROFIT SHARING PLAN	<.001	<.01
THRIFT/SAVINGS PLAN	<.001	<.01
PAYMENT OF MEMBERSHIP FEES FOR PROFESSIONAL ORGANIZATIONS	<.001	<.01
TUITION REIMBURSEMENT PLAN	<.001	<.001
IN-HOUSE EDUCATION	<.001	<.001
SURVIVOR INCOME PLAN	<.001	<.01
GROUP HEALTH INSURANCE PLAN	<.001	N.S.
DISABILITY INSURANCE PLAN	<.001	<.01
PRE-PAID PRESCRIPTION PLAN	<.01	N.S.
EMPLOYEE DISCOUNTS	<.01	<.01
WELLNESS PROGRAM	N.S.	<.001

When the mean values of the total population of employee respondents were compared to the mean values of the managers, all but one of the differences (pre-paid prescription plan) indicated that the employees placed a significantly higher value on the benefit than the managers thought that they would. This direction in the differences would seem to indicate that the managers of service industry firms are significantly underestimating the importance which their employees actually place on a wide range of possible benefits. If this is the case, then it would seem that much could be done, in terms of employee retention and recruitment, if these firms would closely evalu-

ate their benefits packages and make adjustments, as seems necessary, to bring the packages more in line with the desires of their employees.

When the subset of older employees' mean values is compared to that of the managers, all of the significant variances indicate that the older employees placed a higher value on the benefit than did the employers. This direction of the variance was also true for the pre-paid prescription plan, even though the variance here was not significant. Again, the need for service industry managers to become more aware of the value their employees, and potential employees, place on a comprehensive array of benefits, and to consider how best to incorporate such benefits into their personnel policies, seems apparent.

The mean values placed on these several benefits by the younger employee subset and the subset of older employees were also compared using the T-test to determine any significance for the differences in values. The benefits for which there were significant differences in the assigned values are listed in Table 4.

TABLE 4
BENEFITS FOR WHICH THERE WAS A SIGNIFICANT DIFFERENCE IN VALUE ASSIGNED BY THE RESPONDENT SUBSET AGE 55 AND ABOVE, COMPARED TO THE RESPONDENT SUBSET BELOW AGE 55

BENEFIT	SIGNIFICANCE
DISABILITY INSURANCE PLAN	<.001
EYE CARE INSURANCE PLAN	<.001
WELLNESS PROGRAM	<.001
HEALTH MAINTENANCE ORGANIZATION	<.001
SURVIVOR INCOME PLAN	<.001
THRIFT SAVINGS PLAN	<.001
PRE-PAID PRESCRIPTION PLAN	<.01
CAR POOLING SERVICE/OTHER TRANSPORTATION PLAN	<.01
ALLOWED TO ACCRUE MORE THAN 60 DAYS SICK TIME OVER SEVERAL YEARS OF EMPLOYMENT	<.01
COMPETITIVE SALARY	<.01
RETIREMENT PLAN COVERING EMPLOYEES WHO WORK BEYOND AGE 65	<.01

The direction of the differences in the mean values indicated that the older employee subset placed a higher value on all the benefits for which the mean value differences were significant except for one. Competitive salaries was the only benefit more highly valued by the younger age subset of respondents. Younger employees would logically be more concerned with building their economic base for the long term. However, the fact that the older subset placed a higher value on ten different possible benefits, many of which are concerned with health care and the provision of long-term economic resources other than salaries, seems to indicate that older persons feel quite strongly about the importance of these benefits. Any firm considering older persons as a viable labor pool for their employee needs, should first seriously consider their benefits package in light of these particular benefits identified here as being quite important to older persons.

The correlations for these benefits with the respondents' demographic variables are still being developed and studied. However, from our preliminary overview, the variables, of age, gender, education level, and income appear to be those variables showing some correlation with the several benefits listed. Other than age differences, which have already been noted through the use of the T-test analyses, the most important correlate appears to be gender with women placing greater importance than men on all of the benefits listed except HMO member-ship, survivor income plan, and car pooling/transportation program, when all responses are considered.

However, when only the employee responses are considered, fewer of the listed benefits are significantly correlated with gender. This change was particularly true for the older employees. When only these respondents were considered, only the following five benefits significantly correlated with gender:

Life insurance plan ($<.001$)
Prepaid prescription drug plan ($<.01$)
Retirement plan covering employees who work beyond age 65 ($<.01$)

Employee discounts for company products or services (<.01)
Comprehensive in-house education and training program (.01)

However, the direction of the correlation was still consistent with that of the total population, with women always placing a higher value on these benefits.

The benefits that correlated significantly with gender were quite different from the listing above when only the younger employee respondents were considered. Nine benefits were significantly correlated with gender, only two of which appeared in the significant listing for older employees, life insurance plan and pre-paid prescription drug plan. Four other benefits were significantly correlated at the <.001 level:

Disability insurance plan
Wellness program
Allowed to accrue more than 60 days of sick time over several years of employment
Comprehensive in-house education and training program

Three others were significantly correlated at the <.01 level. These were:

Dental plan
Thrift/savings plan
Payment of membership fees for professional organizations

Again, the women placed more importance on these benefits than did men.

The women's emphasis on benefit value further underscores the need for service industries to develop comprehensive benefit plans as more women are employed in all types of positions. The differences in the two age group correlations also underscore the need for firms to seriously consider the age of the population that they are seeking to employee, since a quite different listing of benefits seems to be of high value to younger women than are of high value to older ones. These data seem to indicate that firms need to properly tailor their benefit packages if they want to appeal to women of different age groups as potential employees.

Characteristics of an Attractive Work Environment for Older Persons

It was also thought that the work environment and the working conditions of the position could impact on the willingness of an older person to remain employed or to accept new employment. Accordingly, consideration was also given to work environment characteristics. Both employees and managers were again asked to indicate what they felt were characteristics of the work environment which they would find attractive. A listing of thirty possible characteristics of a work environment was included for their evaluation. Tables 5 and 6 list these characteristics and the mean score calculated for each characteristic by the total respondent population

TABLE 5
CHARACTERISTICS OF AN ATTRACTIVE EMPLOYEE WORK ENVIRONMENT --
CHARACTERISTICS SCORING >3.90 IN OVERALL MEAN SCORE

FACTOR	MEAN SCORE
WORK IN CLEAN, COMFORTABLE ENVIRONMENT	4.520
HAVE A FEELING OF ACCOMPLISHMENT FROM THE JOB	4.516
USE EDUCATIONAL BACKGROUND AND EXPERIENCE	4.321
COUNT ON JOB SECURITY	4.319
WORK IN POSITION RESPECTED BY OTHERS	4.154
ANTICIPATE REGULAR PROMOTIONS OF BEST QUALIFIED EMPLOYEES	4.148
RECEIVE FREQUENT SUPERVISOR RECOGNITION FOR A JOB WELL DONE	4.137
WORK WITH SUPERIORS WHO ARE RESPECTED AND ADMIRED	4.133
CONTINUE DEVELOPMENT OF SKILLS FOR ASSIGNED JOB	4.084
ASSOCIATE WITH FRIENDLY CO-WORKERS	3.964
ENJOY AMPLE LEISURE TIME OFF THE JOB (LIMITED OVERTIME, LIMITED NEED TO TAKE WORK HOME, ETC.)	3.963
PARTICIPATE IN ORGANIZATION AND/OR DEPARTMENTAL DECISION MAKING	3.950
BE ORIGINAL AND CREATIVE ON THE JOB	3.928

Mean score calculated from a Likert type response scale where 5 = very important, 3 = moderately important and 1 = unimportant.

TABLE 6
CHARACTERISTICS OF AN ATTRACTIVE EMPLOYEE WORK ENVIRONMENT --
CHARACTERISTICS SCORING <3.90 IN OVERALL MEAN SCORE

FACTOR	MEAN SCORE
MEET AND TALK WITH MANY PEOPLE	3.883
WORK USING CLEAR CUT RULES AND PROCEDURES	3.861
WORK WITH EMPLOYEES FROM MANY AGE GROUPS	3.754
TAKE RISKS AND ASSUME APPROPRIATE RESPONSIBILITY	3.736
WORK INDEPENDENTLY	3.727
HAVE CHANGE AND VARIETY IN JOBS DUTIES AND ACTIVITIES	3.696
DEVELOP OWN METHOD OF DOING THE WORK	3.693
WORK ON PROBLEMS OR TASKS OF CENTRAL IMPORTANCE TO THE FIRM	3.691
LEARN NEW SKILLS FOR A VARIETY OF JOBS	3.661
MAKE A SOCIAL CONTRIBUTION WHILE WORKING	3.603
SUPERVISE OTHER EMPLOYEES	3.515
REGULARLY TRAIN OTHER EMPLOYEES	3.398
ADVANCE TO HIGH ADMINISTRATIVE RESPONSIBILITY	3.256
READILY ACCESS PUBLIC TRANSPORTATION	3.047
WORK WITH OTHERS ABOUT THEIR OWN AGE	3.004
PURSUE CULTURAL OR ARTISTIC INTERESTS ON THE JOB	2.855
PARTICIPATE IN RECREATION PROGRAM (INTRAMURAL SPORTS, GROUP TRIPS, ETC.)	2.556

Mean score calculated from a Likert type response scale where 5 = very important, 3 = moderately important and 1 = unimportant.

THE WORK ENVIRONMENT AND EMPLOYEE BENEFITS AS INCENTIVES FOR THE OLDER WORKER

It can be readily seen from Tables 5 and 6 that the respondents considered almost all of the characteristics to be at least moderately important. The only 2 items with a mean value less than 3.0 (pursue cultural and artistic interests on the job and participation in a recreation program) are both characteristics regarding activities that could be pursued in environments other than that of work. Apparently, employees are more interested in their physical surroundings and in compatible relationships with their fellow employees, including their superiors, than they are with having other types of "diversionary" activities available.

It is also interesting to note that the respondents did not seem to care about working with other employees about their own age. In fact, these respondents much preferred to work with employees from many age groups. It is sometimes thought that older workers would enjoy working with other older employees more than with younger persons whom they might perceive as more competitive, less congenial working companions. However, the high value placed on working with many age groups relative to the low score given to working with others about their own age would certainly seem to say that that belief is a fallacy.

Again, the lack of interest in public transportation is noted. Ready access to public transportation is just barely moderately important. Apparently all employees, including older persons, have less concern about transportation than has been suggested previously, or else this survey has simply not been able to reach the types of employees (i.e., very low income persons who lack reading and/or English skills to be able to complete the form) who would, in fact, be most concerned with transportation.

The most important characteristic for most employees seems to be that of working in a clean, comfortable environment. The importance of this characteristic may pose some problems for many service industry firms interested in recruiting employees from new labor resources. There are many entry level positions in this industry which are "dirty work", i.e., dish washing, janitorial duties, etc. How-

ever, even if these positions are "dirty work", the work environment can be kept clean if management will insist on high sanitation standards and enforce a rigorous quality control program to maintain both the building and the equipment. In the past, however, many firms have chosen not to emphasize cleanliness, repair and maintenance, and sanitation practices at a high level, choosing instead to emphasize short-term cost savings at the expense of the labor investment required to attain high standards in these areas. Given the strong emphasis on this characteristic by all employees, managers of service industry firms may want to reconsider their position regarding the cleanliness and comfort standards of the work environment of their employees. They must evaluate the cost of setting and maintaining high standards in these areas as opposed to paying the costs of continuing high employee turnover and position vacancies.

Many of the other highly rated characteristics are concerned with a work environment that provides employees with a feeling of accomplishment and personal satisfaction with what they do, provides them an opportunity to use the skill, training, and education that they have acquired, gives them recognition for their accomplishments, and allows them to continue their development on the job. None of these characteristics are items that require a substantial investment in physical facilities or other major expenditure. Many of them are simply concerned with treating people as people -- as individuals with skills and abilities that they will gladly apply toward the best interest of the firm, if given an opportunity to do so and recognized for their efforts. They are certainly things that service industry firms could accomplish, if they would choose to do so.

However, nothing is free. There are some costs that would be associated with providing these characteristics. Examples of such costs would include the necessity to train managers and supervisors in the basic fundamentals of personnel management and human relations, skills that are often sorely lacking at the operational level of many firms. Another example of a cost would be the time and effort involved in properly training new employees and matching employees to positions that would best enable them to utilize their skills -- again something that

many firms are not noted for doing. All in all, the list is extensive and the opportunity is great for firms willing to make the required investment. The development of a work environment which would offer many of these characteristics should be very helpful in the recruitment and retention of older persons to industry positions.

These characteristics were further investigated to see how closely the rankings of the mean assigned to the several characteristics by the employee respondents matched those of the managers. Tables 7 and 8 list the characteristics in rank order, as ranked by the total respondent group, and they also indicated the employee ranking and the manager ranking.

TABLE 7
COMPARATIVE RANK ORDERING OF DESIRABLE WORK ENVIRONMENT CHARACTERISTICS BY EMPLOYEES AND MANAGERS, PART I

FACTOR	EMPLOYEE RANKING *		MANAGER RANKING
WORK IN CLEAN, COMFORTABLE ENVIRONMENT	1	(2)	1
HAVE A FEELING OF ACCOMPLISHMENT FROM THE JOB	2	(1)	2
USE EDUCATIONAL BACKGROUND AND EXPERIENCE	5	(3)	
COUNT ON JOB SECURITY	3	(4)	6
WORK POSITION RESPECTED BY OTHERS	7	(8)	7
ANTICIPATE REGULAR PROMOTIONS OF BEST QUALIFIED EMPLOYEES	4	(7)	11
RECEIVE FREQUENT SUPERVISOR RECOGNITION FOR A JOB WELL DONE	10	(13)	5
WORK WITH SUPERIORS WHO ARE RESPECTED AND ADMIRED	8	(5)	9
CONTINUE DEVELOPMENT OF SKILLS FOR ASSIGNED JOB	6	(6)	15
ASSOCIATE WITH FRIENDLY CO-WORKERS	22	(20)	4
ENJOY AMPLE LEISURE TIME OFF THE JOB (LIMITED OVERTIME, ETC.)	15	(18)	8
PARTICIPATE IN ORGANIZATION OR DEPARTMENTAL DECISION MAKING	11	(12)	13
BE ORIGINAL AND CREATIVE ON THE JOB	9	(10)	16

* Employee ranking with no () = rank order of employment characteristics as ranked by employees < age 55; () rank = rank order of employment characteristics as ranked by employees age 55 and over.

TABLE 8
COMPARATIVE RANK ORDERING OF DESIRABLE WORK ENVIRONMENT CHARACTERISTICS BY EMPLOYEES AND MANAGERS, PART II

FACTOR	EMPLOYEE RANKING *	MANAGER RANKING
MEET AND TALK WITH MANY PEOPLE	21 (15)	10
WORK USING CLEAR CUT RULES AND PROCEDURES	19 (16)	12
WORK WITH EMPLOYEES FROM MANY AGE GROUPS	24 (17)	14
TAKE RISKS AND ASSUME APPROPRIATE RESPONSIBILITY	13 (11)	21
WORK INDEPENDENTLY	20 (14)	18
HAVE CHANGE AND VARIETY IN JOB DUTIES AND ACTIVITIES	16 (21)	19
DEVELOP OWN METHOD OF DOING WORK	18 (9)	25
WORK ON PROBLEMS OR TASKS OF CENTRAL IMPORTANCE TO FIRM	14 (19)	20
LEARN NEW SKILLS FOR VARIETY OF JOBS	12 (22)	24
MAKE A SOCIAL CONTRIBUTION WHILE WORKING	25 (24)	17
SUPERVISE OTHER EMPLOYEES	23 (25)	22
REGULARLY TRAIN OTHER EMPLOYEES	26 (23)	27
ADVANCE TO HIGH ADMINISTRATIVE RESPONSIBILITY	17 (26)	28
READILY ACCESS PUBLIC TRANSPORTATION	28 (28)	23
WORK WITH OTHERS ABOUT OWN AGE	29 (29)	26
PURSUE CULTURAL OR ARTISTIC INTERESTS ON THE JOB	27 (27)	29
PARTICIPATE IN RECREATIONAL PROGRAM	30 (30)	30

* Employee ranking with no () = rank order of employment characteristics as ranked by employees < age 55; ()rank = rank order of employment characteristics as ranked by employees age 55 and over.

Once again, there is a wide margin of difference between the rankings of the characteristics on the basis of the employees' values and those based on the managers' values. Generally, the employees seem to want to be more creative, have quality people promoted, and be more oriented toward individuality and productivity than is thought by the managers. Managers seem to feel that the employees want to associate with friendly co-worker nd place much more emphasis on leisure time and frequent recognitio by the superior than do the employees. For example, the managers ranked association with friendly co-workers as fourth in importance while older employees ranked it 20th and younger employees ranked this

factor as 22nd in importance. The employee respondents, particularly the older subset, were considerably more concerned with best qualified persons being regularly promoted, working with superiors who were respected and admired, working in a position that was respected by others, being able to develop their own method of doing work, using their educational background and experience, and continuing the development of their skills for the assigned job than they were with friendly co-workers. The managers also very much underrated the importance of continued opportunities for the development of skills for the assigned job, developing their own methods of doing work, and willingness to take risks and assume appropriate responsibility for both age subgroups, but again especially for the older respondents who especially value the opportunity to develop their own method of doing the work and want to make full use of their educational background and experience while doing so.

Other factors overrated by the managers relative to the value placed on them by the employee respondents were receiving frequent supervisor recognition for a job well done and the desire to enjoy ample leisure time off, making a social contribution while working, and interest in meeting and talking with many people. While receiving recognition for a job well done is important to employees, such recognition seems to be less important as an employment motivator to these respondents than many of the other factors, such as an opportunity to use their educational background and experience, that have already been mentioned here. Surprisingly, both age subgroups did not value the enjoyment of leisure time off the job nearly as highly as it was ranked by the managers. In light of the emphasis in the literature on older persons' interest in time away from work to "do the things they always wanted to do", it is even more surprising that this factor was ranked lower by the older sub-group than by the younger one (18th vs. 15th). It is also noteworthy that both subgroups of employee respondents saw making a social contribution while working as being of little importance. Neither are they terribly concerned with an opportunity to meet and talk with many people on the job, although this factor was considerably more important to the older subgroup than to the younger one (15th vs. 21st in rank). Again given the emphasis on the loneliness of older persons in the literature, the rank of 15th for the older subgroup is surpris-

ing. The managers' higher rank (10th) may reflect the popular impression that older persons value activities which give them opportunities for social interaction.

The factors for which the rankings of the younger and older subgroups were different generally reflect the different orientation toward their career stage. Those factors which are considerably more highly valued by the younger subgroup include an opportunity to learn new skills for a variety of jobs, opportunity to work on problems or tasks of central importance to the firm, and an opportunity to advance to high administrative responsibility -- factors oriented toward long term career development and advancement over time. In contrast, the older subgroup seems to feel that they have already acquired necessary skills and want to have an opportunity to use them well. Thus, they place a higher value on an opportunity to work independently and develop their own method of doing work.

T-tests were also run to determine if there were significant differences in the mean values given to these several factors by the employee and manager respondents. The differences were significant for twenty-four of the thirty factors ($<=.01$). However, the differences were significant for only eight factors when the mean values given by the older subgroup of respondents was compared to that of the managers. Table 9 lists these significant factors. Again, the managers seem to be more aware of the value placed on these several factors by the older subgroup. However, here too, they were asked specifically to value these factors on that basis and not to consider the values that other age groups might have. Those factors for which the mean values were significantly different for the older employee subgroup and the managers are those factors which have been already noted as being ranked very differently by these two respondent groups.

TABLE 9
WORK ENVIRONMENT FACTORS FOR WHICH THERE WERE SIGNIFICANT DIFFERENCES IN THE VALUE ASSIGNED TO THEM BY EMPLOYEES AND BY MANAGERS

FACTOR	SIGNIFICANCE TOTAL POP.	SIGNIFICANCE OLDER SUBSET
WORK IN CLEAN COMFORTABLE ENVIRONMENT	<.001	N.S.
HAVE A FEELING OF ACCOMPLISHMENT FROM THE JOB	<.001	N.S.
USE EDUCATIONAL BACKGROUND & EXPERIENCE	<.001	N.S.
COUNT ON JOB SECURITY	<.001	N.S.
WORK IN POSITION RESPECTED BY OTHERS	<.001	N.S.
ANTICIPATE REGULAR PROMOTIONS OF BEST QUALIFIED EMPLOYEES	<.01	<.01
WORK WITH SUPERIORS WHO ARE RESPECTED AND ADMIRED	<.001	<.01
CONTINUE DEVELOPMENT OF SKILLS FOR ASSIGNED JOB	<.001	<.001
ASSOCIATE WITH FRIENDLY CO-WORKERS	<.001	N.S.
PARTICIPATE IN ORGANIZATIONAL AND/OR DEPARTMENTAL DECISION MAKING	<.001	N.S.
BE ORIGINAL AND CREATIVE ON THE JOB	<.001	<.01
WORK USING CLEAR CUT RULES AND PROCEDURES	<.01	N.S.
TAKE RISKS AND ASSUME APPROPRIATE RESPONSIBILITY	<.001	<.01
WORK INDEPENDENTLY	<.001	<.01
HAVE CHANGE AND VARIETY IN JOB DUTIES AND ACTIVITIES	<.001	<.01
DEVELOP OWN METHOD OF DOING THE WORK	<.001	<.001
WORK ON PROBLEMS OF TASKS OF CENTRAL IMPORTANCE TO THE FIRM	<.001	N.S.
LEARN NEW SKILLS FOR A VARIETY OF JOBS	<.001	N.S.
SUPERVISE OTHER EMPLOYEES	<.001	N.S.
REGULARLY TRAIN OTHER EMPLOYEES	<.001	N.S.
ADVANCE TO HIGH ADMINISTRATIVE RESPONSIBILITY	<.001	N.S.
READILY ACCESS PUBLIC TRANSPORTATION	<.001	N.S.
WORK WITH OTHERS ABOUT THEIR OWN AGE	<.001	N.S.
PURSUE CULTURAL OR ARTISTIC INTERESTS ON THE JOB	<.001	N.S.

Generally, the employee respondents placed a significantly higher value on these work environment factors than did the managers. There were only three factors which were given higher mean values by the manager respondents than by the employees. These factors were associated with friendly co-workers, work with others about their own age, and ready access to public transportation. Just as was the case with the benefits considered, the managers seem to be quite significantly underestimating the value their employees place on work environment factors such as these included in the study. It seems as though the managers feel that the employees want a highly structured work environment where things are defined for them, and they can focus on sociability and work with little thought given to the work process. In fact, the employees seem to be saying that they want job responsibility and authority, and want to have the initiative for the accomplishment of needed work, i.e., they want to be involved in the planning and development of the work process, a considerably less structured outlook than that of the managers.

The older and younger subgroups of employee respondents were relatively similar in the values that they assigned to these factors. There were only five factors for which their mean values differed significantly. These factors were count on job security, anticipate regular promotions of best qualified employees, continue development of skills for assigned job, learn new skills for a variety of jobs, and advance to high administrative responsibility. All of these five factors were valued more highly by the younger subgroup than by the older subgroup. All of them could also be seen as being related to an employee's development and advancement on the job over his/her long term career path, and it has already been noted that the younger respondents seemed to be significantly more concerned with long term career development than were the older respondents.

Summary and Conclusions

The preliminary results of this study seem to strongly indicate that there are certain benefits and factors in, or characteristics of, the work environment which are very highly valued by employees of all ages. While there are some significant differences in the value levels assigned to the benefits of factors by respondents in the different age groups, they are in agreement on many others. The differences observed between the age groups seems generally to reflect the focus of the younger employee on their competency development for long range career growth over time while the older respondents seemed to feel that they had the skills necessary for their jobs and were more concerned with economic well-being on retirement, health care, the opportunity to assume responsibility for self-direction, and the ability to use their skills and knowledge on the job.

Managers, on the other hand, seem to undervalue the importance of a comprehensive benefits package and the development of an appropriate work environment as a means of retaining employees and motivating possible new employees to accept positions with the firm. Further, they do not seem to correctly recognize which benefits or environmental factors are most important to all employees. Such discrepancy is unfortunate for firms seeking to resolve their difficulties in retaining and locating suitable employees as many of the items considered in this study could be implemented by a firm without an unreasonable investment. However, training in awareness and in other managerial skills for managers and supervisory personnel would almost certainly be a requirement for successful implementation of such changes.

Overall, the older employees seem to want to be creative, independent, and to have the authority to take risks and assume responsibility even more than the younger employees, although all employee respondents valued these factors highly. The older employees are also interested in having comprehensive health care benefits, a comprehensive retirement plan that they can continue to participate in to accrue additional benefits after age 65, disability insurance, and generous

vacation time. Thus, if the service industry wants to recruit and retain employees from this labor resource, they seemingly are going to have to recognize these valued benefits and desirable factors in the work environment. It may be necessary for them to restructure both their benefits packages as well as how the work is accomplished to effectively entice older persons to participate in their work force.

CHAPTER 5

THE HEALTH STATUS OF OLDER WORKERS: ISSUES AND POLICY IMPLICATIONS

THOMAS N. CHIRIKOS*

Policy Issues

Declining worker/beneficiary ratios are expected to be a driving force in changing the direction of retirement and social insurance policies over the next several decades. Mortality rates at older ages have declined steadily over the past 10-15 years, and they are expected to fall even more in future years. Labor force participation rates at older ages have not only been falling steadily but have been doing so for even a longer period of time. As a result, work-life expectancy has not kept pace with improvements in life expectancy and the numbers of workers contributing to social insurance/income security programs per beneficiary of those programs have declined at dramatically more rapid rates than might otherwise have been anticipated. Not surprisingly, reversing these trends in order to preserve the financial viability of these programs has become a central goal of policy makers in both the public and private sectors.

Achieving this end depends critically on the health status of elderly persons, especially the health of older workers. The reason is that poor health affects both the numerator and denominator of the worker/beneficiary ratio. The significance of the point may be illustrated in reference to two recent policy changes designed to fulfill this goal:

1. Amendments (under the 1982 Tax Equity and Fiscal Responsibility Act) to the Age Discrimination in Employment Act shifted the burden of health insurance coverage from the (public) Medicare

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program to the private sector by requiring firms with 20 or more employees a) to include workers between 65-69 years of age in employer-sponsored health insurance plans on the same terms as workers under 65 years of age and b) mandating that Medicare serve only as a secondary payor for claims made by these workers. If workers in this age bracket are in significantly poorer health, they may generate higher compensation costs. Higher compensation costs, in turn may reduce the short-term demand for older workers.[1] If employers shift insurance costs to workers, say, by higher cost-sharing provisions, more older persons may choose to leave the work force earlier than planned. If they do, the policy goal of increasing worker/beneficiary ratios is dealt a double blow: not only has the labor force been reduced but the number of beneficiaries has simultaneously been increased. Future trends in the health status of workers over 65 years of age and the corresponding impact that health status will have on the cost of providing health insurance for those workers must therefore be carefully monitored.

2. Provisions of the 1983 Amendments to the Social Security Act that will phase in higher eligibility ages for full retirement (OASI) benefits and increase the penalty for early retirement over the period 2000-2027 also hinge critically on assumptions about the health status of older workers. For one thing, Congressional concern that these provisions would seriously disadvantage workers in physically-demanding jobs and/or poor health was sufficiently great for it to

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[1] There has not been much research on this topic. One recent study suggests that, while compensation costs are indeed higher for workers in this age bracket, employment opportunities of these workers have not been reduced. There is reason to suppose, however, that this evidence is biased to some extent by the likelihood that older workers covered initially under the 1982 TEFRA provisions enjoyed above average health. See Anderson JM, Kennell DL, Shiels JF. "Health Plan Costs, Medicare, and Employment of Older Workers," In Sandell SH. (ed.) The Problem Isn't Age: Work and Older Americans. New York: Praeger, 1987, pp. 206-21.

mandate further study of the issue.[2] For another, this will be an ineffective means of actually raising worker/beneficiary ratios if substantial numbers of persons in their mid-sixties are forced involuntarily by health conditions to leave the labor force (perhaps even later to qualify for Disability Insurance benefits). Policy makers have generally supposed that the health of older workers has improved sufficiently to discount the significance of either problem. On this view, the provisions simply adjust in equivalency terms the ratio of the period the vast majority of "aged" persons are covered by Social Security to their expected length of life or work life. Yet, if less optimistic assumptions about the health conditions of older persons obtain, the 1983 Amendments yield both inequitable and ineffective outcomes.

Which assumptions to use about the health status of older workers is a controversial matter. Consider, for example, that the influence of health conditions on the dramatic downturn in male labor force participation rates over the recent past is still subject to considerable argument.[3] Until about fifteen years ago, the literature suggested that early retirement trends could be explained almost entirely by the health conditions of older workers. More recently, however, numerous studies have disputed that claim, suggesting instead that inducements arising from social insurance and private pension plans are the primary cause of the declining labor supply of older men. Yet, there are various methodological or technical reasons for supposing that health effects in these more recent studies have been understated or biased downward. Furthermore, the relationship between poor health and labor force participation rates depends not only on the

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[2]Social Security Administration. "Increasing the Social Security Retirement Age: Older Workers in Physically Demanding Occupations or Ill Health," Social Security Bulletin 49 (October 1986): 5-23.

[3]See, for example, Aaron H, Burtless G. (eds.) Retirement and Economic Behavior. Washington: The Brookings Institution, 1984, passim; and Sammartino S. "The Effect of Health on Retirement," Social Security Bulletin 50 (February 1987 31-47.

impact of below-average health at a point in time but also on whether the average health levels of the elderly have deteriorated, improved or remained roughly constant over time. The evidence on temporal trends in the health status of older persons is equally ambiguous.[4] That mortality rates have been declining does not necessarily mean that average health levels have actually increased. More detailed investigation of these matters thus seems to be warranted.

This chapter considers some of the issues about the health status of older workers, with particular reference to questions about the work capacity/disability of older workers arising out of the 1983 Social Security Amendments. Because appraising such capabilities is not an easy task, the next section discusses some of the problems facing researchers in this field. The third section reports very briefly on some studies that have attempted to pursue these research goals. Policy implications are then set out in the final section.

Research Issues

It may be instructive to discuss more fully what we would like to know about the health of older workers and what problems are likely to be encountered in generating such knowledge. A fundamental assumption of this discussion is that data yielded by clinical examinations conducted by medical practitioners are not really a viable option for expanding the knowledge base about the health of older workers. Not only is this type of data-gathering enormously expensive, but it cannot by itself uncover the complex web of behavioral relationships that influence the outcomes of interest. The information that is most needed in this regard recognizes that health-related outcomes are shaped by demographic and socioeconomic variables as well as by (organ-level) medical conditions, and that policy consequences hinge crucially on the relative contribution of each factor.

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[4]See, for example, Verbrugge L. "Longer Life but Worsening Health? Trends in Health and Mortality of Middle-aged and Older Persons," Milbank Quarterly 62 (1984): 475-519.

Consider in this regard the question of whether older persons are functionally capable of extending their work lives. The functional capacity for work -- work capacity for short -- is a complex outcome that must be carefully distinguished from both labor market behavior and the simple existence of physical/health conditions. Observed attachment to the labor market provides prima facie evidence of some degree of work capacity; but permanent withdrawal from the labor force, even when health is diminished, does not necessarily imply an incapacity to engage in market work. In other words, work incapacity and what economists call the demand for leisure must be clearly separated. In a similar fashion, work capacity is not synonymous with the absence of health problems, since many persons continue to work even with impaired physical conditions. Work capacity involves instead the absence of health impairments that restrict continuing attachment to the labor force. In this sense, work capacity is the obverse of work disability, i.e., limitations in the amount or kind of work done, including the complete inability to work, because of a chronic health problem. Work disability episodes, however, do not necessarily or always lead to permanent withdrawal from the work force; rather, the expectation is that most spells are of limited duration. Although neither concept alone can adequately reflect work capacity, withdrawal from work and expected disability durations may be combined to create an operational method for appraising such capabilities in older persons. One option, for example, would be to treat an individual's work capacity as unchanged unless or until an episode of work disablement occurs that is sufficiently severe to expect permanent withdrawal or retirement from market work.

Combining retirement and disability outcomes to analyze work capacity imposes considerable demands on the researcher. For one thing, it is clear from earlier studies that disablement as well as retirement responds to economic incentives. I have estimated elsewhere that perhaps as much as one-third of the increase in work-disability prevalence of persons 18-64 years of age is attributable to changes in the economic determinants of disablement; the impact of these

economic factors at older ages is proportionately even greater.[5] Work capacity models must, accordingly, control for variations in economic inducements across populations of older workers. Similarly, work capacity outcomes will respond to physical/emotional conditions or impairments. Note in this regard that it is conventional in disability research to conceptualize linkages from active pathology through residual impairment to disablement.[6] Whether these linkages are actually observed, however, is entirely an empirical question: some diseases leave residual limitations in physiologic function, others do not; some impairments disable, others do not. Work capacity analyses, accordingly, must also control carefully for residual impairment status.

Another demand imposed on the researcher is the need for longitudinal data on survivors and non-survivors of well defined cohorts of older workers. The primary reason is that durational data are required to gauge the expected length of disability spells as well as the changes in those expectations as workers age. Longitudinal information is also needed to combat biases arising from occupational mobility and mortality in cross-sectional data. The allocation or sorting of workers to jobs is obviously influenced by the self-perceptions of workers, including the occupational movements of those who have already been injured or believe themselves to be at a higher risk of some adverse health consequence. Knowledge about these movements is needed to interpret data on occupational/industrial distributions of employment observed served at a point in time. Problems in inter-

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[5]Chirikos TN. "Accounting for the Historical Rise in Work-disability Prevalence," Milbank Quarterly 64 (1986): 271-301. Also see Chirikos TN, Nestel G. "Economic Determinants and Consequences of Self-Reported Work Disability," Journal of Health Economics 3 (1984): 117-136.

[6]See Nagi S. "An Epidemiology of Disability Among Adults in the United States," Milbank Quarterly 54 (1976): 439-467).

pretation stemming from the removal of non-survivors from the data set may also occur. Data that track the patterns of work and disability status of a given cohort of older persons are needed to overcome these problems.

The upshot of the foregoing is that the distribution of, and temporal patterns of changes in, work capacities of the elderly cannot be observed directly in large populations nor easily inferred from readily available (cross-sectional) data on, say, labor force participation or activity limitations. Since virtually all early retirement research over the past two decades has focused on (cross-sectional variations in) labor force participation as the outcome of interest (and activity limitations as the principal health variable), a new generation of studies employing longitudinal data and suitable methods for analyzing these data is needed to advance the state of the art. This new generation of studies must construct appropriate measures of work capacity as well as formulate multivariate models that test the effects of economic inducements and physical impairments on this capacity. I describe in the next section some recent research using a particularly relevant data base, the National Longitudinal Surveys (NLS) of Labor Market Experience of Older Men and deploying second generation statistical models of work capacity.[7]

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[7]This material draws extensively on two recent research projects detailed in Chirikos TN, Nestel G. Job Characteristics and Health Status Effects on Retirement Behavior. Columbus: Special Report Prepared for the Office of Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services (Grant 85 ASPE 140A), 1986; and in Chirikos TN, Nestel G. Functional Capacities of Older Men for Extended Work Lives. Special Report Prepared for the Social Security Administration (Grant 10-P-98315-5-01), 1988. A summary of the latter report appeared in Chirikos TN, Nestel G. "Functional Capacities of Older Men for Extended Work Lives," Social Security Bulletin 52 (August 1989): 14-16. Aspects of this research have also been reported in Chirikos TN, Nestel G. "Occupational, Impaired Health and the Functional Capacity of Men to Continue Working," Research on Aging 11 (June 1989): 174-205; and in Chirikos TN, Nestel G. "Work Capacity of older men and Age-Eligibility for Medicare Benefits, "Medical Care 26 (September 1988): 867-881.

Longitudinal Studies of Work Capacities

Data and Variables

Initiated in the mid-sixties to study the employment behavior of different age-sex cohorts of Americans, the NLS includes a nationally representative sample of approximately 3,500 White and 1,400 Black men who were between 45-59 years of age in 1966.[8] Data were obtained from these men by personal and phone interviews conducted by the U.S. Bureau of the Census at regular intervals over the period 1966-1983; the most recent face-to-face interview was completed in 1981. This age cohort was surveyed primarily to appraise the transition from work to retirement. Because health factors were expected to play a crucial role in this transition, a variety of health-related questions were posed to respondents, including an identical battery of detailed questions about motor-sensory and emotional dysfunctions by severity level at several different points in time. The rich longitudinal data base of the NLS also includes detailed work histories that have, of course, attracted numerous researchers interested in issues related to retirement. The availability of consistent data on work disability for each year of the study period further enhanced these data for the analysis of health and work capacity.

Space limitations preclude a detailed description of the variables and estimation techniques used to study the levels and determinants of the work capacities of NLS men. Put very simply, the longitudinal information on these men was used to construct temporal profiles or histories of their health and employment characteristics; statistical models were then used to test the degree to which these profiles correlate or account for patterns in other profiles.[9] Key profiles that have been the focus of this statistical work include:

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[8]See Parnes H. "The National Longitudinal Surveys: New Vistas for Labor Market Research," American Economic Review 65 (May 1976): 244-249.

[9]A multi-state hazard rate model was employed to estimate the relationships between and among these profiles. This statistical model is sufficiently complex to preclude even a brief description here. The interested reader is referred to the papers cited in footnote #7 above.

Work Capacity Profile. Dependent variables characterizing the health-related ability for work at retirement were constructed from durational data on work (disability) ability and work (retirement) status over the period 1971-1983. Work disability status refers to the self-reported presence or absence of a health or physical condition that either limits the amount/kind of work done or prevents work altogether, irrespective of whether the individual actually worked; retirement status in any given year of the study period was also self-declared. Simultaneous reports of work disablement and retirement were used to infer involuntary departures from, and the lack of functional capacity to stay in, the work force; respondents reporting only retirement were assumed to have left the labor market voluntarily and to have the capability to keep working if they wished, and those reporting only disablement were presumed to be still permanently attached to the labor force, with the expectation that they would recover from their health condition before retiring. Respondents at work were also treated, by definition, as capable of delaying retirement, if they wished.

Impairment Status Profile. Information on 19 limitations or impairments in physical-emotional function (e.g., difficulty in walking, shortness of breath) over the 12-year period of the analysis was used to profile the health factors that affect the capacity for continuing market work. In most of the statistical analyses an index summarizing the entire set of impairments was constructed for each respondent for each year of the study period. This summary index permitted changes in over-all impairment status to be traced as the longitu-

dinal sample of NLS respondents aged over the period 1971-1983.

Profiles of Physical/Hazardous Work. Information on the activity requirements of work (as reported by the incumbents of jobs) was coupled to detailed job history data to create a measure of the degree to which work was non-sedentary in nature and, correspondingly, the fraction of the study period that a respondent spent in non-sedentary pursuits. To complement this physical work measure, hazardous work variables were also constructed in reference to time spent in various industries weighted by BLS estimates of incidence rates of (recordable) occupational injuries and illnesses for those industry categories.

Profile of Economic Inducements. The rich variety of longitudinal information on earnings, pension eligibility, family income, etc. obtained by NLS was used to construct a vector of variables characterizing financial status and the economic inducements to early retirement. In this latter category was a measure of pension wealth, the expected value of retirement income from Social Security and private pensions at a particular point during the study period.

Survivorship. A profile by age (and race) was constructed in respect to the survivorship status of the respondent's parents as well as the respondent himself.

Empirical Findings: A Brief Overview

Three findings yielded by statistical analyses using the profiles described above (among others) are noteworthy:

First, impaired health significantly raises the probability of involuntary (health-related) retirements as expected. However, voluntary retirements while individuals are still functionally capable of staying longer in the work force are more frequently observed, and these events are significantly more likely to be influenced by economic inducements, e.g., pension wealth, than by health-related factors. Health matters, but then so do economic variables; the functional capability for work at retirement is perhaps on average greater than commonly supposed.

Second, controlling for impairment and economic inducements, only minor or mixed effects of physical and hazardous work are detected on involuntary, health-related retirements. A history of non-sedentary work leads to a marginally higher likelihood of disabled or involuntary retirement, but men employed in non-sedentary jobs at the time they retire are equally as likely to retire nondisabled as not. Men with a history of hazardous work are actually more likely to retire functionally-capable than sedentary workers. Projections of the combined effects of past and current occupational assignment on the fraction of older cohorts capable of extending work lives, as a result, do not differ to any substantial degree.

Third, although occupational differences are not great, significant differences between White and Black men are found in the profile of retirement behavior. As might be expected, Black men are significantly less likely than White men to retire while still functionally capable of market work. However, because of significantly poorer mortality experience, blacks are not necessarily more likely to retire involuntarily for health-related reasons. The implication is that the disability experience of Whites reflects their better survival chances relative to Blacks. The interaction between mortality, disability and work behavior in respect to race are perhaps the most interesting and important of these research studies.

Finally, spells of work disability were shown frequently to be self-limiting (non-permanent) episodes, a finding emerging crucially from the durational data used to conduct the analyses. Perhaps even

more important is that many impairments in physical and emotional function are also shown in these analyses to be self-limiting, too. Regrettably, the NLS data do not permit analysis of medical care utilization correlates, but the patterns of longitudinal changes in impairment status suggest that medical care interventions contribute to the reduction or limitation in disability spells through amelioration of existing conditions and, perhaps, the prevention of comorbidities, etc.[10] The aging process, thus, contributes to an increase in impairment status on average, but there is considerable dispersion about this mean that is affected by medical care utilization. If this dispersion is changed over time in favor of better medical outcomes, a significantly larger percentage of older men will be able to extend their work lives.

Policy Implications

The research findings sketched above suggest that, while impaired health does in fact influence labor market behavior at older ages, it is not likely to preclude a significant fraction of older workers staying longer in the labor force, if these workers wish to stay. That there has been in recent years a large number of voluntary departures (while work capacity remained intact) stemming from the availability of retirement income from public and private sources cannot be denied. Changes in pension policy, accordingly, will modify the behavior of older workers. In view of the projected labor shortages, policies are likely to be redirected to induce older persons to extend their work lives; consequently, employment opportunities for elderly workers will grow. Some concern might be expressed that changes in the pattern of these retirement income programs will take place too quickly and draw more healthy older workers into the labor market than can

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[10]Some descriptive analyses of these variables are set out in Chirikos TN, Nestel G. "Longitudinal Analysis of Functional Disabilities in Older Men, Journal of Gerontology 40 (July 1985): 426-433.

be effectively absorbed. Careful planning in regard to the potential demand and supply of older workers is thus required.

There is little evidence that average health levels of older persons will either improve or deteriorate significantly over the next several decades. The conclusion that a large number of work disability spells will be transitory is very much a keystone for the design of policy in this regard. The degree to which the durations of disability spells are influenced by medical care interventions that ameliorate active pathologies or impairments is not well understood; it is an area requiring the highest priority for public policy research. Evidence from the NLS studies, nonetheless, implies that continuing improvements should be expected over the near term, and that these improvements will add even further to the stock of good health currently enjoyed by men in their sixties. It is noteworthy in this regard that health care interventions ordinarily thought to have low benefit/cost ratios in elderly populations may increasingly appear to be worthwhile social investments. Preventive health care for elderly persons in general, and vocational rehabilitation for older workers in particular, are cases in point.

Policy makers, nonetheless, must be prepared to deal with differentials among sub-groups of older workers in terms of eligibility standards and policy incentives. Workers in physically strenuous jobs are shown to be marginally more likely to be forced out of the work force. Projections show that the fraction of the over-all occupational composition of employment accounted for by physically strenuous jobs will probably not decline over the next two decades, so policy makers must be prepared to deal with workers in these categories. However, the racial differences detected in the longitudinal studies are more pronounced and of more serious policy concern. Racial differences may continue: the absolute increase in the number of Black and Hispanic entrants into the labor market may pose a growing threat to the economic security of those groups. Although not dealt with in this

paper, a similar problem may emerge with respect to the growing female labor force. In all cases, public policy must stand ready to ensure equitable treatment of different labor market subgroups.

CHAPTER 6

TRAINING OPPORTUNITIES FOR OLDER WORKERS

Peter Plett*

I would like to divide this chapter into the following five questions: 1) Why older workers? 2) Why training? 3) Is it possible to "teach old dogs new tricks"? 4) Is the special art of training necessary and available? 5) How do other countries train older workers?

Why Older Workers?

The answer is simply that we need them for the work force.

For many years, following the steadily growing birth rate, some industrialized countries had only one problem with older workers: they would retire too late! The best way to make room for young people in the labor market was to encourage older workers to leave. The age of 65, once the minimum retirement age, quickly became the maximum. But this development will in the future cause concern rather than contentment. With fewer young workers entering the labor force, older workers will become a particularly valuable resource. The situation will be made politically more important due to the fact that these older people will have retained more of their capability, fitness, expectations, and political influence.

Birth rates have continued to fall and better material conditions are increasing the life expectancy of the population. The result is the progressive aging of the population.

For instance, in the Federal Republic of Germany it is estimated that by the year 2000, nearly 32 percent of the population will be 55 years or over; by the year 2020, nearly 41 percent; and by the year 2030, nearly 44 percent. This will introduce some changes in the labor market which will need to be taken into account.

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TRAINING OPPORTUNITIES FOR OLDER WORKERS

The labor force participation rate shows significant changes: the rate of people aged 55-64 differs from Sweden with over 65 percent followed by Japan, the German Democratic Republic, the United Kingdom, Switzerland, Denmark, the U.S., and Canada with 54 percent, down to Belgium, Austria, the USSR, and Italy with only 29 percent. The rate of those 65 and over is in all countries relatively low, with 11 percent (the U.S.) to 2.3 percent in the Netherlands, with the exception of Japan with 26 percent.

At present, we have to consider two opposing trends. There is the old trend, still vigorous in most of the industrialized countries, that older workers should make room for young people in the labor force. Many programs and incentives still support this trend. On the other hand, in some areas there are already shortages in the labor market which could be filled by older workers if employers would change their inbred attitudes towards them. In the face of a real need for trained workers, stereotyped thinking concerning the difficulty of training older workers, or getting them to fit in well with younger workers, is beginning to fade. Instead, some businesses are realizing that older workers are often superior employees. (For example, the Grumman Corporation had to lay off 17,000 people. The criterion followed was performance, and the average age of the staff rose from 37 to 45 years of age.)

If we talk of older workers we refer to the age group of 55+ or even younger, maybe 50+. That means we are speaking about 20 years of one's working life, i.e., approximately 40 percent. This broad range of 20 years should be compared to the 20-40 age group and everybody would immediately realize that there are great differences between a young man of 20 and a man or woman of 40. Thus there are also differences between people of 50 and 70 years of age, meaning older workers are not a homogeneous group. They are very different and should be considered and treated likewise. Surveys show that this age group is not less productive or less efficient than the age group 20-40. On the contrary, usually they are more dependable, cooperative, conscientious, consistent, and knowledgeable.

Advancing age accounts for only a very small percentage of the variance in performance. Maintaining or even improving one's performance through new jobs or challenges or renewed stimulation is possible at all ages. Training is the classic stimulator. To cope with challenge is learning. Learning people never decline.

It may be said that in-service education and training in companies have so far been concentrated on younger workers, and adequate training opportunities were scarcely available for middle-aged and older workers. In the future, in the wake of the rapid shift towards an aging population, it is inevitable that enterprises also have to acknowledge the aging of their workforce.

Various statistics and questionnaire surveys on participation in advanced training programs have, however, shown evidence that attitudes towards further training are largely dependent on age. The main reason for non-participation of older workers was "at my age, it is no longer worthwhile". One can suppose that an expression like this can be considered as a cover-up, masking other reasons which the person is not willing or able to express. But the fact that he or she expects this reason to be accepted casts a doubt on the current attitudes and estimations in the company, community, or society.

However, companies need a workforce with the particular characteristics that older workers possess: reliability, experience, pride in work, and efficiency.

Training the age group 20-40 is most usual and is not in doubt. Companies think it pays. Of course, it does up to the time there is any turn-over of the trained person, for 5-7 years. This is the average period in which the trained skills meet the demands of the workplace. After this period more up-dating training is necessary at any age. This means that new skill training or up-dating pays at the age of 60 or 65 as well.

But, training older workers has more advantages than this calculated one:

1) Instead of going through the costly process of searching for any suitably skilled young worker who will probably not be

available, companies could train an older worker they already know and are aware of his or her habits, loyalty, and other qualifications.

2) Instead of employing any new skilled worker (if then available) who has yet to be adapted to the needs of the company, it would be cheaper to train somebody on-the-job who (additionally) is already familiar with the company.
3) Having the opportunity of being successfully trained is more satisfactory and rewarding in old age than for younger people. The company will receive the thanks with less or no turn-over.
4) Retraining an older worker may be cheaper than hiring a younger worker in terms of the cost of the company's social benefits, particularly considering outplacement and pension costs.
5) By training its own older workers the company can improve its image with the customers in a graying society.

The Trainability of Older Workers

Is it possible to "teach old dogs new tricks"?

Surveys can be reported, showing old age is no handicap to learning. The belief that people's memory and learning abilities decline with advancing years is being challenged by research. The reason why human beings are presumed to have lost some of their intellectual capacity in advanced years is probably due to their lifestyle and not to their potential. In many cases they simply do not use the brain power at their disposal

There is no scientific evidence to show that adults who wanted, for example, to become proficient in a foreign language, face a greater difficulty than children. There is no clearly defined biological period in a person's life best suited for the study of another language. However, research did establish that the ability to learn a foreign language varies with age: it became progressively more difficult to acquire a

good accent, because of changes in the brain's sensor and motor areas. But this is compensated by the ability to master a larger vocabulary, partly because of an older person's greater pool of general knowledge, compared to that of a child.

Neither should it be assumed that people necessarily lose their power to remember as they get older. After being taught a word association technique (to help jog the memory) the elderly are surprisingly able to repeat number and word sequences correctly. In an important experiment, Salthouse reported in 1984 that typing speed did not decline with age, even though typing rates and choice reaction time did. Very often the difference *within* age groups are greater than the differences *between* age groups in terms of ability levels.

Some investigations of word processing training of older people compared with younger ones found that the older ones needed a little bit more time and assistance, but performed as well as the younger control group.

Thus, one has to claim permanent or repeated education and training for all adults, but especially for older people. They have to become accustomed to change, to face challenges and to respond to them.

Human beings retain their ability to learn in contrast to old dogs. This may be considered both an advantage and disadvantage to mankind since we live and learn, never completing our training, whereas what animals learn when young lasts for the rest of their lives.

Is a Special "Andragogy" for Older People Necessary and Available?

The answer beforehand: to both, partly yes.

(1) Necessary?

- Older people take part in training offers open to all adults, but only a very small percentage does so, partly due to the fact that these training activities are not targeted at older people, or they fear failure or competition with younger individuals. Lack of volunteering is not automatically lack of interest or motivation.

- Some older people prefer age-separated groups because they feel a burden to younger ones and therefore need a special approach.
- Older people need more time and more assistance in perforing as well as younger ones. (These seemingly disadvantages are also due to lack of recklessness of older people compared to younger ones. Older people have learned to take into consideration consequences of all kinds, and they tend to make sure before taking the next step. Nobody can blame them for this real advantage.)
- But, some older workers prefer not to participate in programs that single them out as "special" and by virtue of that label, less capable.
- Some older people state that further training is "at their age no longer worthwhile". But the pay-off period, anyway, for training costs is often quite short. A survey states that workers need to update skills every five years due to technological change. A worker's age may not be a critical factor any longer.

Since older people have, in recent decades, continued to be considered as a negative target group, they will have to become a positive target group for the next ten years to enable them to recuperate their rightful place in our society and in our workforce. Afterwards, society should be accustomed to dealing with all age groups without special targeting. Training and education are important factors in aiming to achieve this goal.

(2) Available?

Specialists in the field of andragogy, the art and science of helping *adults* learn, have identified many characteristics of older workers and have made a lot of proposals to maximize the success of training programs for older workers. The recent literature is enormous. If one studies these proposals or all the others, which I have come across, one is forced to state that all, or at least most of them, should be considered when designing educational programs at any age, for

pupils, students or adults. A good educator should be able to design an appropriate program, anyway. What applies to adults applies to older people, but to a higher degree:

1. They want to be taken seriously as adults.
2. They have much (life) experience which training should be based on.
3. They have a strong sense of practical doing on which training should be based.
4. They are mostly no longer familiar with learning (strategies) or being trained.
5. They know about time: they won't waste time on things of no value, but they may need more time for learning.
6. They believe mostly what has been told to them for many years: they would have less abilities and capabilities than younger ones; and are less wanted.

If an educator takes these six basic findings into account when designing a training program, he will succeed in training older people. All the other proposals are not specifically targeted at older people. They result from other conditions.

Human resource development (HRD) traditionally means to recruit new and newly skilled employees. In the future, HRD will mean the development of hidden resources among the human beings already at hand -- through training.

How do Other Countries Train Older Workers?

Mostly, but not any better than the United States.

I want to report on the results of research presently carried out by the International Labour Organisation in Geneva, which is a specialized agency of the UN, but older than the UN. The ILO actually celebrated its 70th anniversary in 1989, and is not about to retire, and is still going strong. The research focuses on training and retraining policies for older workers and individuals of 55 years and over in some industrialized countries that could allow older workers to retain their

jobs and reduce the chances of being discharged or retired unwillingly. It also examines the steps taken by certain countries to overcome the shock of retirement; to allow older workers to remain in employment after legal retirement age and to play other useful social functions, such as undertaking honorary services.

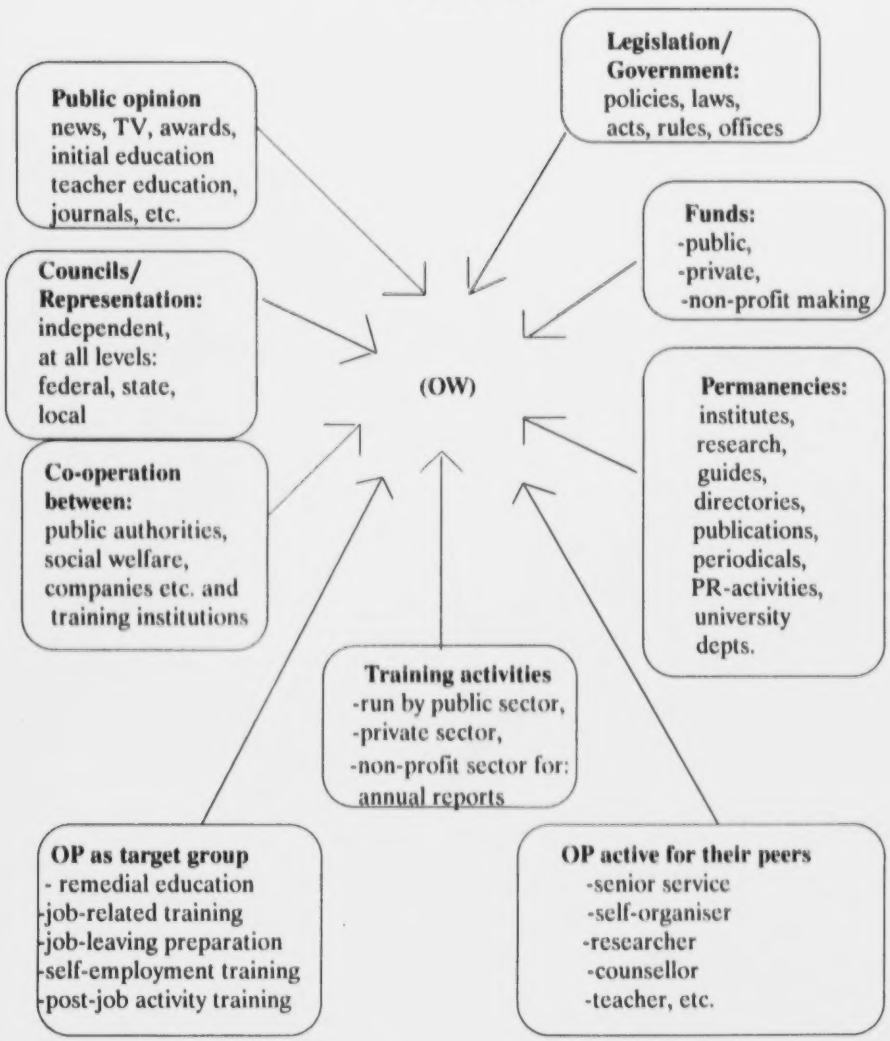
The research will also try to uncover the methods taken to enable older workers to pass on their experiences and to enjoy the evening of their life (quality of life); and to combat the symptoms of old age debility. "Workers", meaning the economically interested civil population of both genders such as workers, employees, officials, managers, active retirees and the self-employed, as well as the job-seeking unemployed.

The following countries or collaborators in these countries contributed in a useful way to the research: Belgium, Canada, Denmark, France, the Federal Republic of Germany, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom, the United States of America, and the USSR. Even among these countries the output of information and materials varied. Neither an entire description of all activities of each country, nor a serious comparison of all activities of all countries, is possible. Detailed information may be found in the country reports which have been published by the ILO. There are reports published on the following countries: Belgium, Canada, France, FR of Germany, Japan, the Netherlands, Sweden, United Kingdom, and the United States.

Nearly all countries covered are still predominantly concerned with younger people and the middle-aged unemployed, but are beginning to face the necessity of providing specifically targeted measures to cope with the increasing numbers of older people and their desire to play an active role in any way they can. But they are still dealing with social questions, easing the transition to retirement and bridging any gaps between early retirement and legal pensions, mostly without training.

For effective (job-related) training and (leisure time-related) educating of older people, the entire supporting structure as shown in Figure 1 should be available.

Figure 1
An Ideal Environment
for Training and Education
of Older People


Legislation/ Government: policies, laws, acts, rules, offices
Public opinion news, TV, awards, initial education teacher education, journals, etc.
Funds: -public, -private, -non-profit making
Councils/ Representation: independent, at all levels: federal, state, local
(OW)
Permanencies: institutes, research, guides, directories, publications, periodicals, PR-activities, university depts.
Co-operation between: public authorities, social welfare, companies etc. and training institutions
Training activities -run by public sector, -private sector, -non-profit sector for: annual reports
OP as target group - remedial education -job-related training -job-leaving preparation -self-employment training -post-job activity training
OP active for their peers -senior service -self-organiser -researcher -counsellor -teacher, etc.

TRAINING OPPORTUNITIES FOR OLDER WORKERS

Policy

It can be stated that there is hardly a country having a concept or even a concise policy on older people with regard to their training needs. However, there are countries, the United States, Canada and Japan in particular, which are using most of the necessary elements on hand for such a concept, maybe in bits and pieces. This is due to the fact that presently all countries are still focusing on younger people who were until recently entering the labor force in considerable numbers.

Nearly all countries, in particular the European ones, do have a (more socially stressed) policy concerning preparation for retirement, incentives, and education of older people leaving the labor force. This is due to the above mentioned fact of "carrying out" older people to make room for young ones. Nevertheless, this result should be acknowledged and developed to a higher standard.

Job-related Training

Training activities targeted at older workers are very scarce, or are even invisible. There are some in the United States, Canada and Japan; in the other countries they are only very sporadic. But there are a lot of very good and successful job placement activities in the United States and Canada targeted at older workers with a low income which include, if need be, training or retraining of some kind. These activities are accompanied by intensive counselling and are conducted mostly by non-profit agencies, which have admirable placement rates of 80-90 percent with older low-income people. Thought should be given to the whole question of public placement services, in particular to the monopoly of public placement services. The opportunity of pocketing the success, raising private funds, publicizing their activities, and using public funds in favor of older workers should not be missed.

Granted there is little or no value put on training if it is not required by the prospective employer of an older worker. But, employment should be in the foreground of all efforts.

Of course, there are numerous training and retraining activities in nearly all countries covered; but, they are not targeted at older workers. They are open to all age groups and only about 7-10 percent of older workers are making use of them, much less than for the younger age groups, for reasons already discussed above.

Non Job-related Education

As mentioned earlier, there are numerous possibilities available to older people of all kinds and at all levels which are not job-related. Some European countries have even developed "Third Age Universities" where older people (sometimes without special entrance examinations) can study and obtain the requisite degrees. This does not mean that they are all properly developed, freely available, and frequently and well attended by older people. Here again it is true that only the educated older people request further education, the younger among them more than the older ones, but surprisingly, women more than men.

Remedial education such as literacy education, attainment of certificates of high school equivalency, and university degrees are going to become more and more the norm. In the United States, anyway, it is more usual than in Europe for adults to attain school and university degrees

Funds

Special public funds or set-aside percentages of other public funds exclusively reserved for training older workers are very scarce. There are only such funds in the United States, Canada, and Japan, and indirectly in the Federal Republic of Germany. Money for non-job-related education activities are mostly available within the framework of social service funds, which are not specifically targeted at education.

TRAINING OPPORTUNITIES FOR OLDER WORKERS

Representation

The representation of older people through any kind of special federation, political party, or union, etc., is very different. The activities of special federations and boards in the United States are far ahead, followed by Canada, and Belgium. The political parties in the Federal Republic of Germany are about to discover older people. Nearly all the unions (least of all in Japan and Belgium) have apparently, at present, still some problems in dealing with older people; in particular, if they wish to stay in or to return to the labor force.

Counselling

The crucial point in the field of occupational activity and training of older people is, again and again, counselling with the aim of placing and following up by competent and committed experts for older people. Most experienced in this special field are the various agencies in the United States conducting the two major federally funded programs the Senior Community Service Program and the Joint Training Partnership Act Program.

Further demands exist for better co-operation between training organizers and employers, as well as between training organizers and social services.

Empowerment Approach

Instead of assisting a client to fit into the labor market, we can teach him/her to modify the market. This is achieved by providing entrepreneurship training, forming co-operatives, etc., for those unemployed who have been following a career path which has taken them into fields they would not have chosen of their own free will.

Costs

Of great interest is, of course, the question "How much will training for an older worker cost?" Generally speaking, hardly more than for other adults. The pay-off period for training costs is often quite short; anyway, a worker's age may not be a crucial factor any

longer. However, figures from Canada state Can$ 220 per person per day or Can$ 50 per hour for on-the-job training. Of special interest may be the costs of the widespread job counselling and placement programs, because they are specially targeted at older workers. Calculations made by myself, drawn from ten United States JTPA programs, prove an average of US$ 1,800 per client in the year 1984.

A detailed evaluation report of a Canadian project comes up with Can$ 3,512 per client. The average length of subsidized training time per participant was 17 weeks. But the program allowed up to Can$ 10,000 and 12 months. In any case, monitoring went on for 12 months from the day the client started. A cost-benefit analysis of this program states that the benefits (Can$ 18,342 per client) exceeded the costs of the program (Can$ 3,212 per client) by at least Can$ 14,831; not computed, e.g., was income tax paid by older workers. Thus, wage subsidies negotiated adequately offset the costs associated with hiring and training of older workers.

Another Canadian training program grants Can$ 5,000 for job-related training for each older worker within two years.

Companies have to face an extra one or two salaries for hiring a younger worker instead of retraining an older worker; both have to be trained.

Public Opinion

Since a lot of activities and regulations resulted in a negative estimation of old age, all means of public relations should be used to revalue old age in the eyes of the public. There are various campaigns imaginable and partly experienced in the United States and Canada.

Older People as Peer Trainers

There is to date very little use made of older people as trainers, teachers, counsellors, researchers, organizers or designers of training activities. They are still a large untapped reserve.

TRAINING OPPORTUNITIES FOR OLDER WORKERS

Information Network

There is a great lack of information networks (except in the United States); only shy beginnings are to be seen in Belgium and Canada. Publications, directories, guides, institutes, periodicals, annual reports, etc., are needed.

Some Project Ideas

The principal part of my final project report for ILO will be a collection of training program ideas and supporting activities. These 60 ideas are distilled from existing experiences and sometimes evaluated programs in the countries covered. As a whole they constitute an ideal, and nearly total environment, of training and education of older people. It is a manual and reference book for all kinds of concerned people in this field.

The information is given in fact sheets which are similarly shaped. The fact sheets are grouped as follows:

Outline of Total Fact Sheet List.

1) **General Issues**
   - Policies
   - Laws
   - Fund
   - Brochure
   - Teacher education
   - Associations
   - Program directory
   - Practitioner's guide
   - Research
   - Co-operation
   - Ageline
   - Network
   - Hotline

2) **Recruitment**
   - Using written media
   - Reaching special population

Networking with other agencies
Using special events

3) **Assessment/Counselling**
Assessment
Computer based
Interviewing
Counselling in a group setting
Individual development plan

4) **Training**
Training
On the job
Job search assistance
Job club
Voucher
Classroom
Remedial/bilingual
Literacy program
Displaced homemakers
Occupational skills
New occupations
Job retraining

5) **Job placement and supporting services**
Job placement
Support services strategies
Age audits in employment

6) **Job Development**
Job development
Development marketing programs
Use of advisory committees
Private sector strategies

7) **Job-leaving preparation/outplacement**
Preparation for retirement
Outplacement

8) **Post-job activities**
   Passing on experience
   Senior expert service
   Inspiration training
   Activity training
   Tourist guide
   Old for young
   Child care
   Entrepreneurship
   College centers
   Third age university
   Elderhostel
   Grandparent program
   Learn training
   Wellness program

This list of nearly all imaginable training, education, and supporting services in favor of older people can serve as a checklist for countries which are about to develop or improve the structure of their domestic situation. In some cases it will not be easy to implement single activities which are linked to others or even to a different system of habits and attitudes. For example, the tough, creative, and successful job placing activities of North America are not adaptable as long as job placement is a monopoly of public offices. This is also true of the American fund-raising customs versus European calls for government. But even in these complicated cases, pilot projects should prove the domestic potentialities.

Conclusion

My findings suggest the following statements:

1. Not much further research or investigation is necessary.
2. All elements to manage and train older workers exist, although scattered, perhaps.
3. Some attentive and far-sighted governments, organizations, and companies are about to pay attention to the up-coming need of employing and training older workers.
4. There are enough experts in gerontology and training in nearly all countries having common knowledge and opinion about the demands and how to deal with them. There is very little which is controversial.
5. What is really necessary is to leave the ivory tower, to leave the closed club, to spread the knowledge about older workers and their trainability. We have to influence public opinion, to put pressure on politicians, parties, companies, and governments, and to strengthen the self-esteem of older people themselves. The necessary funds for employing and training older workers will follow automatically.

CHAPTER 7

MODERNIZATION AND OLDER WORKER POLICIES: AN APPRAISAL OF THE FRENCH EXPERIENCE

Xavier Gaullier*

The situation of older workers has been different in each phase of the history of industrialized countries. The status of older workers is affected by the economic, demographic, political and social contexts of the time. Modernization in all the industrialized nations over the last ten years has resulted in major changes in the situation of older workers. The impact of the redefinition of their status both in occupational and societal terms has been so great that it is scarcely an exaggeration to coin the concept of the *"early retirement decade"*. French policies towards older workers set it apart from other countries because of the development of career exit at a relatively young age, and the substantial percentage of individuals affected. At the present time in France as in other countries, issues surrounding older workers and the implications these issues have for the future are topics of concern. What lessons can be learned from the last ten years and what is likely to be the future for older workers?[1]

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[1]These issues are dealt with in a recent book entitled *La Deuxième Carrière: Ages, Emplois, Retraites*, by Xavier Gaullier, Le Seuil, 1989, and in a report commissioned by the French Labor Department entitled "Modernisation et Gestion des Ages," 1989.

Older Workers During the Period of Economic Growth (1945-1970)

The situation of older workers during the period of economic expansion following World War II (the period preceding the "early retirement decade") can be summarized in four familiar descriptive points:

1. Linearity of the occupational career with permanent, full time employment beginning at the end of schooling and extending up to retirement fairly late in life.
2. A career that associated a concept of aging as a progressive "deficiency" with a seniority system that protected the older worker (wages that increase with age, benefits, the "last hired, first fired" principle, end-of-career transfers to less demanding positions).
3. Full-time retirement at a specific age, with income mainly from a retirement fund, and a life style made up of rest, free time, and family during the relatively short period before loss of autonomy and death.
4. A three-stage life cycle: education (youth), productivity (maturity) and inactivity (old age) where personality was primarily defined in terms of work.

These four points have undergone enormous change during the "early retirement decade".

OLDER WORKERS AND THE ECONOMIC CRISIS

Early retirement and overstaffing

French companies responded to the oil and economic crises of the early 1970s by early retirement measures designed to cut manpower rapidly without triggering labor disputes. As emergency measures taken to cope with a new situation, these decisions can be characterized as stopgap policies adopted because there was no forecasting or attempts to find alternative solutions to the problem. The measures adopted over this ten year period varied widely but can be summed up as follows:

- They affected *younger and younger workers:* initially age 60 and then age 55 when the legal retirement age was lowered to 60 (in 1982), 50 and even younger in certain sectors of the economy (steel). An individual can now be eligible for early retirement 10 or even 15 years before the legal retirement age with full benefits.

These measures were, in the vast majority of cases, *obligatory and not voluntary.* Career exit policies applied to all workers falling under the same regulation and thus was unrelated to individuals' state of health, physical abilities, intellectual capacities, or personal desires.

- Early retirement policies are *national* agreements between unions and employers, or decisions taken by the State. Currently a firm which is overstaffed can be authorized by the Labor Department to instigate early retirement for all workers 55 and over; the company pays 12% of the salary of the person on an early retirement pension up to the legal retirement age, and the Labor Department pays the rest.
- *The early retirement pension* has gradually diminished over the last ten years. At the present time it is about 55 to 60% of the terminal wage or salary and is paid regularly up to the legal retirement age. It is financed by the unemployment insurance funds or by the State but never by retirement funds.
- People on early retirement *are forbidden to hold other jobs* (even part-time) and if they do so, lose their retirement benefits. At a certain point when unemployment had reached approximately 10% of the workforce in France, even volunteer work was not allowed, out of concern that this would take away work from others.
- *The number of people on early retirement is high.* In 1985, the rate of participation in the labor force for men in France between the ages of 55 and 64 was 50%. The figure is 67% in the U.S., 76% in Sweden, and 83% in Japan. The percentages would be even more telling if the figures for the 55-60 age group alone were available.

An Ambiguous Consensus

The rapid expansion of early retirement can be explained by the gradual development of *an ambiguous consensus* between employers, the unions, the government and workers to promote it. What does each party get out of it? *Employers* can use early retirement to reduce overstaffing without labor disputes that may intervene in cases of firing. Early retirement is not costly for companies (since the State pays for most if it) and makes substantial cuts in the payroll possible (older workers with seniority are expensive). The outcome is that early retirement measures make companies more competitive.

Unions see early retirement as a lesser evil: a person on early retirement is better than someone on the dole. Early retirement is also viewed by the unions as a way to lower the legal retirement age (a perennially popular position) that can be taken when other means have failed.

The *government* derives a certain number of advantages from early retirement measures. First of all, it is a quick way of reducing unemployment figures (people on early retirement are not included in the official statistics) and it may reduce tension in the periods of transformation of the labor force.

Workers, who initially resisted early retirement on the grounds that it was disguised dismissal, have come to appreciate a guaranteed income up to the legal retirement age. Although income is lower than what was earned when working, it is higher and more regular than unemployment benefits. Growing job insecurity has made early retirement look more and more advantageous.

On the less rosy side, the mushrooming of early retirement has also revealed *its drawbacks:*

- The cost of early retirement for the national budget has become enormous because of the increase in the number of people on early retirement at increasingly younger ages. This results indirectly in a loss of competitiveness at the national level.

- 80% of the national employment budget goes to people on early retirement; little is left over for positive actions in favor of job creation and retraining programs.
- In companies, career exit of older workers constitutes an indiscriminate blanket measure (since once an individual reaches a certain age, he or she is dismissed) which is poorly adapted to differences between companies and even to positions within the same company. It also constitutes an important loss of know-how and experience. Early retirement can be a source of demotivation for somewhat younger workers who have no other choice than to wait for early retirement. Early retirement allows companies to solve their employment problems in the short term, but is a way of avoiding facing the problems of aging workers and others in the new work and productivity conditions which will invariably arise.
- Early retirement means that there is less money going into old age pension funds.

By lowering the age at which career exit takes place, early retirement creates a situation which is in contradiction with raising the retirement age, the necessary condition for financing retirement pensions.

Early retirement reinforces the imbalance between the increasingly younger "aging" of the workforce, the rise in life expectancy and the fact that individuals' physical and mental capabilities remain operational much longer.

Older Workers -- A Tradeoff Policy

Over the last few years, the situation of older workers has fluctuated with changes in the economy. Now that the economy is on an upward swing, companies are investing more, but national and international competition tends at the same time to be stiffer. Personnel management has also adapted: the guidewords are "constant innovation", "total quality", "zero stock", "zero defects", "zero breakdowns" which all call for new skills, new positions, job mobility and a greater capacity for change.

In this context, early retirement measures are not sufficient to streamline the company since all the employees, regardless of age, are affected. One of the simplest practices which has been used widely in France is to implement what is termed "tradeoff dismissal". This consists of dismissing all those individuals who are less skilled or handicapped in some way (older workers fall into this category) and replacing them by hiring younger, better trained and less costly people. This makes the situation of older workers increasingly precarious at increasingly younger ages, in particular for workers with lower skills. Exclusion through early retirement thus continues but has a different significance: instead of reducing overstaffing, it allows the company to get new for old. Workers who do not qualify for early retirement are also hit by this type of measure: the 50-55 age bracket is now seen as more expendable than younger workers. The impact on career plans, promotions and retraining now affects workers in their 40s. The mid-life crisis, a recent phenomenon in France, has now become a reality.

Thus in France the older worker problem is not one of authorizing employment after retirement or a lack of a youthful workforce; but rather to have and to hold a job, if possible up to the retirement age, and not be assigned to a lower, less well-paid and precarious position for the second half of one's career. The problem of older workers is linked to the high unemployment rate in France and the way in which companies restructure and manage their personnel. The most common practice in France, in contrast to other countries (Sweden, West Germany) is dismissal and replacement (what economists term "external flexibility" and not ongoing personnel training and in-company mobility ("internal flexibility") for older and younger workers alike.

The four points describing older workers during the period of economic growth (see above) have changed radically: career exit, the period prior to and following exit have become precarious and multi-faceted as is the case for the entire life cycle. This upheaval is analyzed in my book, *Le Deuxième C* that focuses on transforma-

tions affecting the 45-65 age bracket, a period I have termed the Second Career. The salient features of older workers now in France are the following:

- Career exit is spread over a 10 to 15 year period between the ages of 50 and 65 and is coupled with a variety of statuses having diverse implications: to name but a few: retirement, early retirement, unemployment, disability, "discouraged worker". Retirement for all at a set age is something of the past.
- Prior to career exit, the situation of older workers can be characterized by its instability: transfers, deskilling, cuts in salary. The older worker is underrated and the benefits of seniority have become impediments to keeping a job (personnel costs).
- After career exit, people with no jobs who are still young and in good health turn to all sorts of "activities" -- paid or volunteer -- that are sources of income and/or a role in society. Retirement is no longer synonymous with rest and leisure.
- The life cycle has changed radically under the pressure of employment, and can no longer be neatly divided into three stages. This is particularly true for older workers (between the ages of 45 and 65) and for youth (18-30) where in France unemployment and the insecurity of employment are higher; stability is greatest for the 30-45 age bracket.

What Future for Older Workers? Six Scenarios

The future of older workers will obviously be connected to the transformations which took place in the "early retirement decade" but will also depend on changes and decisions made in the economic, demographic, political and social spheres in coming years. The possibilities are numerous. The scenarios presented below describe the issues that will invariably be critical in the future.

I. The Economic Growth and Demographic Change Scenario

Optimists believe that economic growth and changes in demography will result in an automatic improvement in the situation of older workers. Nothing, however, is less certain.

One argument is that a pickup in the economy would increase the number of jobs and that older workers would benefit as well as others. The truth is there are a number of very good reasons why there is no automatic link between growth and employment (priority given to investment and productivity over investing in job creation, and transfer of jobs to Third World countries). It is quite possible to have growth plus low job creation, or with relocation of employment elsewhere.

In addition, current trends indicate that new jobs, when they are created, are not slated for older workers. Other sectors of the population are favored such as young people and women. Even if older workers were hired, they would be replaced quickly by others. Economists have shown that the increasing flexibility in use of the labor force, and not only restructuring of declining industries, tends to marginalize older workers.

As is well known, the overall trend in demography is towards an aging of the population; however this trend varies from country to country. The shortage of a young labor force that currently exists in a number of countries (West Germany) will occur at a much later date in other countries (France). Furthermore, as was the case for economic growth, the shortage of young workers does not automatically mean that there will be jobs for older workers. Competition for jobs between various sectors of the population is high and a multitude of both cultural and institutional obstacles need to be overcome for older workers to be preferred over other groups.

In addition, in France as in other countries, the percentage of the population of working age is on the rise and will continue to do so up to the end of this century. It is also likely that unemployment will continue to grow in Western Europe through the initial part of the 21st century. Neither of these trends is favorable to older workers.

II. The Leisure Society Scenario

The sociology of leisure has shown that over the last 100 years, work time in industrialized countries has dropped and that non-working time (per day, per week with long weekends, yearly with longer vacations and over the entire lifespan with earlier retirement) has increased as a result of labor disputes, employment crises and often because of a rise in unemployment. Twenty years ago, people worked an average of 45 years and enjoyed approximately 15 years of retirement. Today, most people work 40 years and have a period of 20 years of retirement. Studies suggest that in the near future the figures may be 30 years of work and 30 years of retirement. Today, leisure time has become the longest social time in the life cycle for the sector of the population over 18, and is longer than part of the life cycle spent in work.

Older workers who leave the workforce early are in a sense the pioneers of this longer retirement leisure time who will forge new values challenging the traditional work ethic. This is a change that appeals to many.

What remains unclear is whether industrialized nations will be able to finance this type of leisure society for the latter part of the life cycle, both in terms of welfare obligations and in terms of company competitiveness. Will there be a restructuring of labor and income, a restructuring between companies and welfare systems?

III. The Generalized Insecurity Scenario

If present trends continue, insecurity may become generalized for older workers and will affect *employment, income,* and *leisure* activities. In the final phases of their careers, people will often be in deskilled, poorly paid temporary jobs, and subject to social policies similar to those implemented for youth: community service jobs, state-subsidized job training programs, company exemption from social security contributions, a senior minimum wage lower than the general minimum wage, etc. The first signs of this trend are already present.

At the same time, wages and unemployment benefits as well as retirement and early retirement benefits, will drop progressively because the burden will be too great for the State. The higher the number of people on early retirement, the more the taxpayer will have to pay out for benefits. In France ten years ago, early retirement benefits were equivalent to 90% of the gross income; today individuals receive between 50 and 60%. What will the figure be tomorrow?

The insecurity of employment and income *will affect leisure time*. To prevent competition, governments will forbid older workers excluded from the labor market to hold paid (or even volunteer) jobs if they are receiving benefits of any type. France, in fact, took similar measures in the 1980s.

Older workers excluded from the labor market will use all the means at their disposal (both legal and illegal) to maintain their standard of living: moonlighting in various forms, disguised paid volunteerism, cottage industry, barter, services to neighbors, informal economy in a wide range of areas including repairs, gardening, house construction and home improvement, training, work with youth and delinquents and the elderly, aiding companies, small businesses, clubs, etc.

This generalized insecurity scenario is not implausible. The early signs are there, and the trend will only be augmented by the inability of many governments to apply a global long-term policy through appropriate economic and political decisions.

IV. The Informal Economy Scenario

Older workers who have had to put an early end to their working life are developing a range of activities that cannot be classified as employment or leisure in the traditional sense of the word. These activities are extremely similar to occupational activities as regards the skills required, previous training, regular hours and economic and social utility, but at present are unpaid. Examples can be found in numerous sectors: education and training, tourism, conservation, social action projects for children, delinquents, the elderly. One example is a retired manager or technician who assists a small company

lacking adequate resources in his own country or abroad through his professional skills (on a volunteer basis) while at the same time receiving early retirement benefits paid by unemployment insurance in France. This scenario also applies to the early retiree woman who does housework for the elderly in the neighborhood.

At present there are only a minority of people doing this type of work, but in the future it may become much more widespread if the income of early retirees diminishes. Volunteer activities may turn into a means of maintaining people's standard of living through payment in cash or in kind, directly or indirectly. This type of activity may also evolve to meet new needs that cannot otherwise be provided for by society, which serve individuals, companies, society, and alleviate the burden on the welfare state.

The expansion of this new service-centered (tertiary) economy calls for a redefinition of the key concepts in labor (employment, salary, social security, full time, etc.). Two scenarios are possible for the future: the first is *prohibition,* where this type of activity is seen as a form of moonlighting and where the social forces as a whole will fight to protect the classic concept of employment against all forms of competition. The second is *encouragement,* with acknowledgement of the end of full employment and stable, full-time life-long work, and a realization that one way to fight unemployment is to respond, under certain conditions, to multiple and new needs which cannot be catered to by the laws of supply and demand, or are not profitable. In the last several years, both of these scenarios have been observed in France. The advantages of an informal economy are clearcut: opportunities for social integration and greater resources for older workers. The negative side is competition for conventional jobs and the temptations to see these solutions as a means of reducing the social security deficit.

Can we avoid raising this issue? Should this type of situation be outlawed, or should it be channeled and controlled?

V. The Renewed Social Security Scenario

The new situation of older workers has already begun to undermine the entire system of social welfare. The contradictions in the system will only increase in the future.

Old age policies are in upheaval. Designed originally to protect and reward workers when they have become less productive, retirement is now adapted to employment policies, and has become a means for companies to eliminate overstaffing without labor disputes and by so doing, shifting the burden of dismissal costs and social security to the State and not to firms. In France, the retirement pension scheme affects the rate of activity of older workers *by forcing them* to leave the job market.

Given the problems of financing retirement insurance due to the rise in the number of retired people and their greater life expectancy, as well as the high benefits to be paid out to new generations with full careers, and the drop in contributions due to unemployment, French governments have entertained the idea of *raising the legal retirement age*. In fact, any policy of this type is contradictory with the de facto drop in age-at-career exit (early retirement). No reform program has simultaneously attempted to deal with these two aspects of the problem. Rather, the opposite has taken place: the same government has attempted to raise the legal retirement age and encourage early retirement.

The situation of older workers has disrupted the entire old age pension system; but its effect has been even more dramatic on *the entire social welfare system*, both financially and in terms of purpose: there is growing confusion. Old age policy (pensions) serves as an employment policy (dismissing older workers). Unemployment policy (removal of older workers from the labor force) operates as a retirement policy (dismissal for older workers is tantamount to retirement) and health insurance policy (disability) operates as an old age policy and an unemployment policy (disability on the grounds of age-linked unemployment). How can such a social security system handle the patchwork of "risks" it is designed to cover? Can a global reform be avoided?

Two scenarios are emerging as concerns older workers: *a minimum guaranteed wage* and flexible retirement. A number of versions exist for providing everyone with additional income (from community service jobs or other employment), to a basic income paid to all regardless of occupational status, marital status or sex, that would replace other social insurance schemes and abolish the legal retirement age.

Flexible retirement would (over an extended period of time starting perhaps at age 50) offer a range of choices negotiated between the individual and the company without adversely affecting the worker's income or company costs; the main reason for discarding older workers being the high wages they command through seniority. There is an ongoing debate concerning a progressive decrease of social costs and a progressive increase of pensions in various forms incorporated in employment contracts, which would maintain the individual's wage level but decrease wage costs for employers. The current model (either full wage and social costs or a full pension) would thus be modified. It would have advantages for the individual, the company and society as a whole.

VI. The Occupational Career Scenario

The future for older workers is linked, as we have seen, to a variety of factors related to modernization, production, changes in personnel management, and the connection between industrial and manpower policies within companies. It is not enough to take isolated measures in favor of older workers. Older worker policy needs to be an integral part of company development.

Changes in productivity and personnel management can lead to external flexibility that tends to operate by exclusion and substitutions, increase insecurity and higher turnover, and underrate the older worker who becomes older at progressively younger ages, because these workers can be replaced by younger ones with better qualifications. This short-term policy characterized by ease of implementation for the company is not compatible with a policy of personnel training at a high level and is a source of social instability.

This trend, which predominates in French companies, contrasts with the alternative of internal flexibility that has been adopted widely in a number of other countries such as Sweden and West Germany, and is on the rise in France. Here economic expansion is directly linked to employment. The rationale is that the precondition for dynamic technology and productivity is a regularly trained and loyal staff with job security who, however, have accepted reassignment or transfer to different jobs within the company. In an internal flexibility situation, company attitude towards workers is the direct opposite of the one found when external flexibility is the rule: workers are kept on in the company often up to retirement, and they in exchange agree to be retrained and transferred. The slogans best capturing internal flexibility are "Modernize without exclusion" and "Develop the companies of tomorrow with the workers of today".[2]

This type of personnel management has a number of implications:

- Employment policies are directly linked to investments as of their inception. Choices of new technologies and the pace in which they are integrated into the company are made in conjunction with analysis of current worker level of skill and the time necessary for reconversion, an option which leaves a number of possibilities open to older workers.
- Hiring practices (youth, workers on short-term labor contracts), subcontracting and relations with subsidiary companies take the profile of the personnel and age into consideration.
- Career planning is the rule in personnel management. This type of forecasting involves analysis of how job profiles are likely to change in the future and which new jobs (and the

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[2]For an analysis of flexibility, see Bernard Brunhes, "La Flexibilité du travail en Europe", report commissioned by OECD, 1989, and a work by the same author entitled "La gestion previsionnelle de l'emploi," a report commissioned by the French Labor Department (1989). See also A. LeBaube, "La gestion de l'emploi en Europe", *Le Monde*, September 5, 1989.

skills required for them) will be necessary tomorrow. It also involves analysis of the abilities and skills of current staff and what adaptations (in particular, training) will be required to breach the gap between the present and the future. In some companies, career forecasting includes the age element. Renault, for example, has successfully developed a system of forecasting disability which takes older workers into account.

- Simultaneously, the second part of working life is now being seen in a more positive light in terms of productivity. It is possible to draw up end-of-career contracts incorporating job security but implying within-company mobility and training even in cases where this implies diversification of positions and at times deskilling with lower salaries.
- Training has become a mass phenomenon open to all at all ages. Whereas older workers often do not score well on standard aptitude or orientation tests, here training of older workers incorporates teaching of skill acquisition in a way pedagogically adapted to this population and is integrated into an individualized approach oriented towards specific "tried and tested" goals which are transferable from one company to another.
- When reconversion within companies is no longer feasible, companies can, with the help of the State, make it easier for dismissed workers to find new jobs through job search, training, etc.
- Older workers under an internal flexibility scheme do not have total job security and it is clear that a certain number, in particular those with little or no skills, are put on early retirement or unemployment. Trends, however, are changing. During the "early retirement decade" the older worker was perceived as a disabled and thus unproductive person who should be eliminated from the work force as soon as possible. The current view is that the older worker may still be used productively and that companies can benefit more

from keeping their older workers on the payroll than replacing them.

- These issues are far from being resolved but the vicious circle of rejection and underrating of increasingly younger workers has to a certain extent been brought to a halt. The situation, in fact, is reversing itself and the trend now is to give older workers a second chance rather than to dismiss them.

Conclusion: Tomorrow, Imposed Insecurity or Negotiated Autonomy?

It is clear from the issues surrounding older workers that people's careers in general will never again be like those we were familiar with during the years of economic growth. It is equally clear that the situation of older workers will be a crucial feature in the process of modernization of production related to the aging of the population: the society of quinquagenarians in the year 2000.

In any case, careers will become more flexible: people now and in the near future will certainly hold several jobs, with all this implies in terms of reconversion -- even at age 50. Working lives will alternate between employment, training, leisure and unemployment, between classic types of jobs and more precarious ones as a function of the individual and his or her age. Retirement for all at a specific age will no longer exist: individuals will work for a specific length of time (30, 40, 50 years?) on a modular basis according to the needs of the labor market and social security, before being eligible for a retirement pension, which in certain conditions may be claimed at specific times for training or for personal convenience (child rearing, hobbies, house building, community service activities) during one's entire career Income will derive from three sources: wages, a social income, and income from other forms of activity. The amount each of these will contribute to total income will vary as a function of the rate of economic growth and political decisions, but also as a function of age.

In this framework, the situation of older workers will depend upon the type of personnel policies companies put into practice: in a company that chooses *external flexibility*, i.e., rapid turnover, by managing its staff (hiring and firing) as a function of immediate needs, older workers will certainly experience imposed and generalized insecurity because other types of workers will be given priority. In companies that implement *internal flexibility*, who opt for "total quality" through personnel loyalty, continuous personnel training, and job security, with in-company transfers and multiple skills, older workers will have more doors open to them.

Each company and nation is unique, and will have specific optimal combinations of internal and external flexibility. France occupies a position midway between the two: it has given priority to external flexibility but recent trends suggest it is turning towards internal flexibility. The fate of older workers is dependent upon these options.

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This publication was produced at an annual cost of $2,060 or $10.30 per copy, to provide current information on aging issues to academic faculty, service providers, administrators, policy makers, and the community in general.

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